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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 1998

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS
FIRST SESSION

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 1998

Wednesday, March 19, 1997.

PERSONNEL QUALITY OF LIFE ISSUES

WITNESSES

JERRY T. ALLEY, JR., USA, COMMAND SERGEANT MAJOR, U.S. ARMY FORCES COMMAND
JOHN HAGAN, USN, MASTER CHIEF PETTY OFFICER OF THE NAVY
LEWIS G. LEE, USMC, SERGEANT MAJOR OF THE MARINE CORPS
ERIC W. BENKEN, USAF, CHIEF MASTER SERGEANT OF THE AIR FORCE

Introduction

Mr. Young. Good morning. The Committee will come to order.

Today the Committee will conduct an open hearing with the senior enlisted advisors from each of the services.

We are very pleased to welcome Command Sergeant Major Jerry T. Alley, Jr., of U.S. Army Forces Command; Master Chief Petty Officer of the Navy, John Hagan; Sergeant Major Lewis G. Lee, of the Marine Corps; and Chief Master Sergeant of the Air Force, Eric W. Benken.

Today's witnesses represent the 1.2 million enlisted personnel who comprise the vast majority of our military forces, in fact, over 80 percent of our active duty military. Since 1990, the enlisted military force structure has been reduced by approximately 530,000 troops; and the fiscal year 1998 budget request proposes another reduction of 11,300 personnel.

This is somewhat concerning to many Members of the Committee--the reduction in force, the added OPTEMPO, combined with the additional deployments. We are concerned about that and what it does to the quality of life, to the troops and to families. We are concerned about the medical care. As I think most of you know, this Committee has worked very hard to bring medical care for the members of the military up to a higher level than it had been.

There are a number of issues that we would like to talk with you about. First, we are going to hear your statements; and then, if you leave anything out, we are going to come back with questions. We want your very honest opinions. We understand sometimes the chain of command might have a little different approach, but we want to get the true story about what is happening in the military and what, if anything, this Committee can do to improve the quality of life and to make a better life-style for those who serve us in the military.

With that, I would like to welcome all of you. We will start with Sergeant Alley and go across the table. Each of your statements will be printed in the record in its entirety, and you feel free to summarize them anyway that you wish. After that, we will have some questions.

Before we start, I would like to recognize Mr. Murtha.

Remarks of Mr. Murtha

Mr. Murtha. Thank you, Mr. Chairman.

I just hope you will talk about some of the problems you see out there, because this Committee probably visits the bases and talks to the enlisted people as much as any Committee in the Congress. One of the ways we get good ideas is hearing from you but also hearing from them.

Health care, every time we go out someplace, we find some

problem with health care. So I hope you will not only talk about what a great organization you have and what a great job they are doing, but also some of the problems that you see and what the concerns are so that, if it is in our power, we can do something about it.

Mr. Young. Okay. Thank you very much.

Sergeant Alley, we would like to recognize you at this point.

Summary Statement of Command Sergeant Major Alley

CSM Alley. Good morning, Mr. Chairman, distinguished members of the Committee. I am honored and privileged to appear before you today to discuss quality of life on behalf of America's Army, our enlisted soldiers, and their families.

I have submitted a written statement and ask that it be placed in the record.

First, I would like to thank the Committee for the additional funds provided last year for quality of life. Those additional funds provided about 5,300 additional billet spaces for the single soldier and upgraded them to an approximate standard--of the Department of Defense standard of 1 plus 1. That was about 60 barracks worldwide. These are the types of improvements that greatly enhance the morale of our soldiers.

Sir, as you know, deployment of America's Army has not eased during the past year. We continue to have soldiers serving throughout the world in many capacities.

In addition to the 100,000 soldiers that we have serving in overseas assignments, we have a daily average of 35,000 soldiers deployed in over 70 countries away from their home base. These soldiers keep the peace in Bosnia, deter Iraqi aggression in southwest Asia and support local authorities at home following hurricanes, wildfires and floods.

Throughout my travels, I constantly talk to soldiers who are deploying, getting ready to deploy, or coming back from deployment. These soldiers are all dedicated and committed to this great country of ours. They all know that there is just so much money that the American people can afford to spend on its men and women in uniform, and they do not want to become rich or wealthy. They would just like to be able to have an adequate standard of living for themselves and their families.

The leadership of the Army is committed to providing adequate benefits to America's soldiers and their families. The leadership recognizes that the strength of the Army lies in the quality of its soldiers. We need to take care of our soldiers if we are to recruit and retain quality individuals who make up the best Army in the world.

We also must realize that we have to recognize the soldiers' families. We enlist soldiers; we reenlist families. Without a doubt, the spouse of the soldier has tremendous influence over whether a soldier decides to stay in the Army or get out.

I hope what we say today will help us improve the quality of life of our soldiers and their families, and I look forward to any questions you may have. Thank you.

Mr. Young. Sergeant, thank you very much.

[The statement of Command Sergeant Major Alley follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Young. Master Chief Hagan.

Summary Statement of Master Chief Petty Officer Hagan

MCPON Hagan. Thank you, sir.

Mr. Chairman, distinguished members of the Committee, I, too, am honored and consider it a great privilege to appear here today. I want to report that your Navy is in great shape. It is mission ready and on station.

I returned midday yesterday from a trip with the Chief Naval Officer, CNO to Tandem Thrust off the coast of Australia and scattered throughout the South Pacific, a great portion of our Pacific fleet.

I want also to express today my very deep gratitude and the same sentiment from sailors and their families throughout the Navy for the gains of recent years--for the fair, ethical and generous way that we have executed the drawdown, for the gains in family housing, for the Basic Quarters, BQ 1 plus 1 standard that we have begun to implement, especially for single and E-6 and E-5, Basic Allowance for Quarters, BAQ, Variable Housing Allowance, VHA, the resolution of that issue afloat, and for the resolution of some long-standing inequities in our dual-tier pay system that have been well-received by sailors.

I want to state and I have amplified in my statement that the momentum that we have going, it is very well-received, and we understand the zero sum nature of the budget, but it is important to maintain that momentum.

I have some deep concerns about sea duty and the unique challenges it imposes day in and day out and the way it affects our retention, our recruiting; and some of those are summarized in the graphics that are attached to my statement.

I cannot ever pass up an opportunity to emphasize how sailors live, for some Committee members may not be as familiar as others. I have brought some photographs of shipboard berthing just to illustrate the way sailors live with an 18 square foot per Sailor.

This room, for instance as measured by, my staff and with shipboard standards applied would permit us to house 66 Sailors in this room. We would amplify the alcove behind you, sir, by about twice, perhaps two-and-a-half times; and that would be the head for the 66 Sailors that lived in this room.

That is necessary. It is very acceptable when deployed. It promotes teamwork and pride and espirit de corps. And I have no complaint about living that way aboard ship.

It is essential that you understand, however, that all single sailors in their first term of service and, until 1 July of this year, E-5's in their second and subsequent terms, live aboard ship for their entire 3-to-5-year sea tour, forfeit by law access to BAQ or VHA; and all married and single Sailors forfeit access to Basic Allowance for Subsistence BAS for their entire sea tour.

As I said, I have recruiting-retention concerns. I also have concerns about OPTEMPO and PERSTEMPO. Our OPTEMPO-

PERSTEMPO parameters allow a sailor to be away from home up to 62 percent of a 3-to-5-year sea tour without violating the parameters.

Again, no complaint. We are a deployed and deployable force, first in, last out, always on station, proud of it. It just needs to be a part of the equation when we prioritize funding.

We, the Navy, have serious Permanment Change of Station, PCS, Selected Reenlistment Bonus, SRB, recruiting, advertising and other issues.

My draft statement is before you. I apologize that it isn't smooth yet. I am working out some last minute changes because of travel issues and getting it fully accepted; and it will be ready for the record before the end of the day tomorrow, I expect.

I look forward to responding to your questions.

Mr. Young. Chief, thank you very much.

[The statement of Master Chief Hagan follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Young. Sergeant Major Lee.

Summary Statement of Sergeant Major Lee

SGT MAJ Lee. Mr. Chairman, Committee members, I, too, am honored to appear before you today.

Today we have 22,000 Marines forward deployed, but that is only typical of our Corps. I am very proud of the recent NEO we conducted out of Albania, the Navy-Marine Corps team. You saw it in action. As Master Chief Hagan said, we are extremely proud of the operation going on near Australia, the largest combined operation, amphibious-type operation since World War II in the Pacific region.

I am pleased to report to you that due to the efforts and support of the Congress, and this Committee in particular, that your Marines are enjoying a quality of life today that is better in many ways than they have ever had before.

For example, single Marines are living in newer, refurbished BAQs and getting new furniture in a timely manner. The married Marines are seeing new construction, replacement and refurbishment of family housing in many locations.

But more important than that is, over the past couple of years, we have been able to make great inroads into the backlog of the maintenance and repairs of both our single and married housing.

For our Marines and families who live on independent duty, we are working initiatives through the Congress to assist them with the medical care, quality of housing and, in general, the out-of-pocket expenses that are not incurred by those who live close to bases.

For our Marines who spend tremendous amounts of time deployed or training in austere environments--your average first-term marine spends 60 percent of his first 4 years deployed or training somewhere away from the installation--they have today some of the best individual field equipment that can

be purchased.

Let me tell you something. Having been there and done it, we thank you so very much for that individual initial issue.

Over the past year, we have introduced into our training and educational processes what we call a transformation cohesion and the sustainment of our Marines. While this may not appear on the surface to impact quality of life, I believe it goes right to the heart of the matter. By making Marines better, imbued with the values of honor, courage and commitment, and then enabling those Marines to sustain those values, we have Marines who cannot only fight, win and survive, but we have Marines who can take care of themselves and their families within the constraints of what the taxpayer, the Congress, DoD and the Commandant can afford or provide.

I view that as critical, for we believe that those who can truly take care of themselves and their families, need less of the top lift support that may or may not be available, the readiness of our Marines remains paramount. We will, as a Corps, continue to insist that those we send in harm's way be trained, equipped and led in a manner that ensures they will return to their loved ones alive and well.

Albania, the recent Non-Combatant Evacuation Operation, NEO, was a permissive environment. It could have just as easily been a non-permissive environment. We are dead serious about making sure that the people we commit--we don't know when we will commit them, but we know they will be committed, and we are dead serious about them being able to fight and win.

Gentleman, I am available to answer questions.

Mr. Young. Thank you very much.

[The statement of Sergeant Major Lee follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Young. Chief Master Sergeant Benken.

Summary Statement of Chief Master Sergeant Benken

CMSAF Benken. I am very proud to be here to represent the thousands of men and women who serve in the United States Air Force today. We have found in our experience that the quality of life is a direct link to readiness. We can't always do things regarding the political situation or the contingent situation we have to respond to, but we have found that we can take care of quality of life things, and we greatly appreciate the support that this Committee has given and Congress has provided in the past.

My only comment would be, is that we would like to sustain this outstanding force we have serving today. We do not want to slip into the hollow force syndrome we have experienced in the past, and we certainly do not want to revert back to a non-volunteer force. In that regard, I think that quality of life is essential.

Thank you, sir.

Mr. Young. Sergeant, thank you very much.

[The statement of Chief Master Sergeant Benken follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

STATEMENT REVIEW

Mr. Young. I wanted to just ask a couple of quick questions before we go to the other members.

First, I understand, Master Chief Hagan, you suggested that your statement had not been completed yet, that it would be by the end of the day tomorrow, and you indicated that it had to be reviewed. I understand how your statements would be reviewed by your chain of command and by the services. But I got the feeling maybe there is another review somewhere along the line.

I don't want to put anybody on the spot, and if you don't feel like responding to this question, it is okay. But do you have to get approval for your statements from the Office of Management and Budget, OMB?

MCPON Hagan. OMB is the hang-up on my statement presently.

In the past, I have received recommendations for edit that I have accepted or rejected as consistent with my charter. This time, I am running into a little more difficulty. I think, again, if I had been in town over the past 10 days--I just returned at 12 o'clock yesterday--we would have it resolved; and I would have a statement that I would be happy with.

But, in fact, the statements are reviewed by OMB. My charter from my boss, from my third CNO, is to tell the truth, to be thoughtful; and I have zero difficulties inside the lifelines of the Navy. This is, quite honestly, the first difficulty I have had of this nature. Again, it would be resolved, I am quite certain, had I had a little more time.

What I provided you was a draft and the edits that I could not accept. So I think I have given you the same information I would have had it been completed. I regret the inconvenience for you, sir.

Mr. Young. That is not inconvenient for us. We don't want, as I said, to put anyone on the spot.

I do have a problem with OMB. We want your honest opinions on the issues that face the men and women of the United States Armed Forces. Frankly, I personally don't want them censored by OMB.

Anyway, as we get into the questions, please give us your honest responses. I know you will.

Master Chief Hagan, you have been in the Navy for 32 years. I think I have a pretty good idea that you are not intimidated by anyone, no matter who they might be, including OMB. Sergeant Alley, 30 years in the Army----

CSM Alley. Thirty-three, sir.

Mr. Young [continuing]. And Sergeant Major Lee, 29. Is that accurate?

SGT MAJ Lee. Almost 29, sir.

Mr. Young. And Sergeant Benken, 27?

CMSAF Benken. Just a baby, sir.

QUALITY OF LIFE ISSUES

Mr. Young. That comes to 122 years of service sitting at that table. I think that is tremendous. I have to tell you that

every member of this Committee is just tremendously proud of the men and women that serve in our uniform. You represent them here today, and you represent them ably.

It distresses me when I hear about things like the conditions of some of the barracks. I visit barracks, and Mr. Murtha visits barracks, and we see barracks and living conditions that really are not anywhere near what they ought to be, to be honest with you.

This Committee has been in the forefront of promoting additional funding for real property maintenance so we can repair the barracks. Our colleagues on the Military Construction Subcommittee are engaged in trying to create and build new barracks. So, together, we are trying to improve the housing standards.

Also something that really distresses me--and I wanted to ask all of you about this. We understand from a DoD report to this Committee about a year and a half ago that approximately 12,000 members of the armed services receive food stamps in order to exist economically. That is distressing to all of us.

In my opinion, anyone who serves the Nation in uniform should not have to rely on food stamps to feed himself or his family.

Tell me about your experiences and what you know about members of your respective services who have to use food stamps for survival.

CSM Alley. Sir, approximately 12,000 people have applied. In saying that, I would say there are more people than that who are eligible, who have too much pride and respect to go down and ask for subsistence. Anytime we have young people with large families living on the pay we are giving them--basically they have Basic Allowance for Subsistence and their housing allowance--I think it is a problem.

MCPON Hagan. I am going to give you a little different view, sir. This is not a new subject to me. I wrestled with it the first year or two of this job. I over-toured at 4\1/2\ years at this job.

I would tell you respectfully I don't think food stamps are a valid indicator for two reasons.

One is that the rules for being eligible for food stamps are a little strange. The Sailor that lives on base and forfeits BAQ and VHA for on-base quarters, which is always a superior position to be in, is more eligible for food stamps because of the way States quantify eligibility. If the Sailor lives in town, they may pay as much as 50 percent or more for their housing and total housing and commuting expenses on top of that and not be eligible because the BAQ-VHA is considered as part of the total income. That is one reason the food stamps are not a valid indicator.

The second reason is not quite as objective as that one. But, subjectively, in my opinion, food stamp eligibility depends upon family size, which to some extent is a personal decision; and certainly after a certain knowledge level it is.

I do think we have economic issues, quality of life issues and compensation; and I have tried to track that by commissary uses of food stamps.

There is one other thing you should know. In California, where we have so many troops, they don't give food stamps--or

they didn't the last time I studied this subject. They give cash. So we can't tell how many are redeemed in the commissaries there.

I have serious concerns about the economic issues, but I decline to use food stamps as an indicator.

SGT MAJ Lee. Sir, my answer will be considerably shorter than the Master Chief. I support him on his analysis. Sir, I have almost 80,000 people who are lance corporals and below at any given time, and they are young men and women. If they have families, they are probably going to qualify for food stamps.

I don't think that we, Congress, you or anybody else can truly do anything about that, unless you grant substantial--and I mean very substantial--pay raises to the lower grade, which I wouldn't recommend you do.

It is a tough situation. In many ways, it is a personal choice. We offer advice and counsel and support them.

I don't like the idea of 12,000 servicemen being on food stamps. On the other hand, I am not so sure it is really indicative of the trauma that the Marines or Sailors or Airmen are experiencing. I don't support that or believe that.

CMSAF Benken. I agree with my colleagues here. About 1,200 people in the United States Air Force qualify for food stamps based on the number of family members and the fact that the spouse doesn't work or whatever. But I do not see that as a pervasive problem as I travel and see the troops and things like that.

Mr. Young. I want to make sure I understood your statements about major salary increases.

MCPON Hagan. I am not in agreement with a targeted pay raise. I think it is inconsistent with building a strong career force. As a matter of fact, I think it is destructive to a strong career force.

I do believe that we in the services have to do a better job. One of our challenges is to make young people understand that the entry level of the forces is, and in my estimate ought to be, characterized by some degree of delayed gratification and sacrifice. It ought to be above a certain threshold.

That is why, for example, the new housing allowance reform is important. It takes us above that threshold in a more genuine and consistent way.

But when we are above that threshold, I am happy with the upward mobility, the potential for upward mobility and the quality of life that is available in the armed forces.

So I am opposed to targeted pay raises, yes, sir.

SGT MAJ Lee. I will reiterate the same thing, sir.

Young men and women, we are doing everything we can to educate and train and make these people understand their environment and the Corps and its hardships in general. With that, it is financial.

Now, frankly, they do get basically enough to be taken care of if they know, as I said before, how to take care of themselves. A large targeted raise, to react to something to the fact like we got 12,000 people on food stamps, sir, I don't think would be a wise thing to do. I don't see a reason for it.

CMSAF Benken. I agree, sir. We should not react to the food stamp issue.

Targeted pay raises, I remember in 1972, as an E-3, in 1971

actually, I was making $180 a month, and Congress decided that was a little bit too low, so they gave us a 100 percent pay raise and my pay went up to $360 a month. We have targeted in the past--I believe in the late 1970s or early 1980s, we did some targeting as well.

It is a tough issue. I think the housing part of it really comes into play, depending on where you live. For instance, in Montgomery, Alabama, where you would think it is not necessarily a high cost of living, we have a lot of schools down there and troops will move in and they will lease a house and pay an exorbitant price, the ones that can afford it, which drives up the market for the low end, too.

So you have some people, depending on where they live in the United States, that have a tougher time than others.

We need to make sure that the gap is closed so that the 19 percent out-of-pocket expense that they have beyond the BAQ-VHA is narrowed.

Mr. Young. The President's budget this year calls for a small pay raise, but it is not targeted; it would be across-the-board. I assume that nobody would object to that.

In my opinion, that is not enough, and this Committee on occasion has appropriated money for pay raises when the President did not request it, because we think that that is all part of showing the troops that we appreciate them and recognize that they have financial requirements, just like anyone else does.

Thank you very much for your responses on those subjects.

Mr. Murtha.

MILITARY HEALTH CARE

Mr. Murtha. I appreciate the frankness of those responses. In visiting the troops out in the field, one of the things I found was accessibility to health care was a major concern. This was not only enlisted, this was officers, depending on where you went.

Has this improved, not improved? What is the situation?

CSM Alley. Sir, as you know, under the new system, we have the health care program broken down into twelve regions. Out of those twelve, only seven are active. All seven of those regions have a different system.

The medical coverage itself--if you are getting it, are being taken care of, and are near a military installation--has improved. It means better access to medical facilities and better access to doctors.

Mr. Murtha. So if it is in place----

CSM Alley. If it is in place, it has improved. If you move, or have kids in college, you may have to use a different health care region. It is just one of those things. And I think it is like a bouncing ball, it keeps moving on us.

Mr. Murtha. Well, I appreciate what you are saying. There is no Committee that has paid more attention to health care, and we started the demonstration in California because bases are closing. We have an obligation to people who retire to take care of them through military medicine. It may not be written, but we have an obligation.

So as bases close, we had to find some alternative to that,

and TRICARE depending on where it is, that was the way to do it.

Accessibility continues to be a problem, though. I mean, people tell me, they call on the phone, they cannot get through, they have only an hour in the morning to get through.

Portsmouth, we had a problem. We tried to fix it by putting extra money in right after the Gulf War. Of course, we built a hospital down there.

Is accessibility still a problem? I am talking about for dependents, not for active duty people.

MCPON Hagan. I would echo what the Sergeant Major said, and I will tell you the perception, first of all, there are execution difficulties. It has been executed in the northwest first. The lessons learned were not always taken to the next region, so perhaps we could have done better.

As we get the TRICARE implemented and as people begin to get used to it, they understand that, first of all, it is better than CHAMPUS, because if it wasn't, you could stay with CHAMPUS. The co-pays, the lack of an annual deductible, the more reasonable catastrophic cap and a number of other things make it a real improvement.

We deal with the perceptions that the Military Treatment Facility, (MTF) where dependents should all be able to go to the MTF where it is totally free and much more convenient, and you see somebody in uniform, and you know who you can complain to.

I honestly believe the perceptions we are dealing with now are our biggest difficulty. The fact that CHAMPUS Prime, your prototype, was actually a little better than TRICARE means, as we implement TRICARE in California, there is a perception difficulty there.

But overall, speaking in general terms, I am well satisfied with TRICARE and the potential, and I worry about our ability to support it financially in the out-years more than anything else.

Mr. Murtha. So the accessibility is not so much of a problem once TRICARE is in place, but moving around the country is a problem. In other words, if you live in California and you are transferred to Camp Lejeune, it is an entirely different system. Or if your kids go to college someplace else, then it is a problem.

MCPON Hagan. I suggest it would be a problem under all circumstances, even a perfect health care system. It is a little more of a problem because TRICARE is, again, not evenly implemented. Of course, I have to explain to Sailors regularly that the network which supports TRICARE differs in every community. So if the health care provider network in Memphis is good, TRICARE is better than it is in Nevada, where the health care provider network is pretty slim.

DENTAL CARE

Mr. Murtha. The dental care though, maybe it is unique, but the whole country is covered by Blue Cross, and there are 45,000 dentists contracted with them, as I understand it. You can go any place and they have dentists almost every place.

Have you gotten into that yet? Is that available and

working?

MCPON Hagan. Yes, sir. The short answer is, I think it is available and working. And when Sailors understand the difference or what the limits are to dental care, I get very few complaints about dental.

Mr. Murtha. Pensions, one of the complaints I got, there is a three-tiered pension system now. Is that a problem?

CMSAF Benken. Before you move on, could I address the medical a little bit?

We have been doing surveys on TRICARE, and we are getting about an 81 percent satisfaction rate when it comes to the access and convenience. I was just out at Fairchild Air Force Base in Washington, where we implemented at the start, and I got a lot of good reviews from it. If you go to another region, however--for instance down in the Texas-Oklahoma area, where it has been tougher, a little bumpier, although it is getting better----

Mr. Murtha. It just started in Texas; is that right?

CMSAF Benken. I am not sure when it started.

Mr. Murtha. It seems to me it has been in a place a year or so.

CMSAF Benken. It is going to be bumpy and have fits and starts as we proceed. It is not a small process to undertake.

Right after the Cold War ended, we started down the TRICARE road, but the retirees--as you know, health care is built into our package, compensation package, and I know when I came in the service in 1970 making $3 a day as an Airman Basic, I was told that medical care for myself and my family members for the rest of my life, as well as a retirement system, would be there for me should I decide to make it a career. So that has been a big part of it.

But it depends on where you go, the level of satisfaction.

MILITARY RETIREMENT SYSTEM

Mr. Murtha. Are we getting any complaints about the three-tiered pension system? I know several people somewhere brought it up. I actually wasn't even aware that it was three-tiered; I thought it was two tiers. Are we getting complaints about that now?

SGT MAJ Lee. Absolutely.

CSM Alley. Yes, sir.

MCPON Hagan. Only the sailors, the members that are getting ready to retire on the second and third level, retirement benefits are less generous, are now becoming more aware of the differences. I am having to explain that issue more often.

Mr. Murtha. So that is not a problem with recruiting. They don't look that far ahead when you recruit them; is that accurate? But once they get in, all at once, or as they get near retirement, they begin to recognize they are not getting near as much as somebody else that retired that was in the initial system.

CSM Alley. About the 10-year mark is what we are looking at now. About the 10-year mark is when this came into effect, that a person that has 10 years in the Army today draws 10 percent less retirement pay upon his retirement at 20 years than a soldier with 12 years in. Retention for the Army at the 10-to-

12-year mark, and the sergeant-to-staff sergeant level, is truly affected by that.

ENLISTED PAY

Mr. Murtha. One last thing. The suggestion I got was the difference between an E-4 and an E-5 is not enough for the additional responsibilities that an E-5 has. Is that accurate? That is not something this Committee handles, but--several places I went, they expected more of an increase when they went from E-4 to E-5.

Is there a break point where there is not enough difference between the ranks, where there is a lot more responsibility and not enough difference in pay?

SGT MAJ Lee. That is one of my feelings, sir. I want to answer that at least for the Marine Corps.

Yes, I think there is. My problem is, I make about five times what a Private makes. Frankly, I think I am worth a hell of a lot more than five times a Private, to be honest with you. So, yes, I think there is a tremendous problem here.

I think Marines, Sailors, Airmen ought to be paid at the level of responsibility, how long they have served, and the sacrifice. I am not talking about bogies by serving a long period of time. I am talking about the rank you earn and are promoted to.

I think if you all are interested in doing something about that one, you have my support on that, yes, sir.

Mr. Murtha. What we are doing is eating up the increase, because so many of the new people coming in have families--that is part of the problem--so they get housing allowances.

At what rank do they get housing allowances now?

CSM Alley. E-1.

MCPON Hagan. Married at all pay grades.

Mr. Murtha. What percentage of people are married now in the service?

CSM Alley. Sixty-three percent of the Army, sir.

MCPON Hagan. Just under that in the Navy, sir.

SGT MAJ Lee. Fifty-eight percent of the enlisted force.

CMSAF Benken. Sir, you can be an E-6 with, say, 17 years--I don't know where the break points are--you can make more than a Junior Master Sergeant. You can actually have someone outrank someone else, but because of the pay structure, you can have someone of a lesser grade actually making more than a person at the next grade.

Mr. Murtha. Is that because of extra allowances?

SGT MAJ Lee. It is based on longevity, sir.

MCPON Hagan. The Quadrennial Military Review Command (QMRC) structured a pay scale which I very strongly supported. It came close to being implemented. It required a few dollars more than present pay scale, but it did away with pay inversion to the greatest extent, so that no senior person would make less than a junior person because of longevity.

I thought that was a good step in the direction that the Sergeant Major of the Marines just supported, and a necessary step to build a strong career force.

Again, I would answer your question on the pay between E-4 and E-5 differently and say, I would like to see the career

force pay and benefits be a significant difference so that the first-term Sailor looking into the career force would find it attractive. And I also recognize the wisest use of resources there.

So I think there is a break point in support of what Sergeant Major Lee articulated.

CSM Alley. Sir, for those of us who came in the Army when we still had a draft, the most significant pay raise in the Army was when a soldier went over 2 years of service. Because once he exceeded two years of service, he was no longer a draftee and he was made part of the permanent force; he was a career-oriented soldier.

We need pay raises to go more towards our career-oriented soldier.

SGT MAJ Lee. Forty-eight percent of the Marine Corps is enlisted, married, sir. I need to correct myself.

Mr. Young. Mr. Murtha, thank you very much.

I would like to recognize Mr. Bonilla.

TRICARE PROGRAM

Mr. Bonilla. Thank you, Mr. Chairman.

Gentlemen, first of all, regarding the question about food stamps that came up earlier, I just have a comment on that. Even before I was elected to Congress, I would hear statistics like that, and I would react viscerally and with outrage that our people serving in the armed forces would have to resort to signing up for food stamps. But, frankly, your testimony this morning has shed new light on how we should view this.

I just wanted to tell you, you have enlightened me, and I appreciate that; it has been refreshing to hear a different perspective on that and how we should look below the surface of just a blanket statement that causes some of us that believe so strongly in supporting our armed services that we have to remember that serving in our armed forces is a commitment, a conviction, and it is truly serving your country. You reminded us of that this morning.

I just want to say I appreciate that.

One thing I would like to start out with, Chief Master Sergeant Benken, something Mr. Murtha started a discussion on this morning, is health care for military retirees.

You mentioned that TRICARE wasn't exactly getting off to a start in Texas. Let me tell you, my phone rings off the wall some days. We have a lot of retirees in our area, primarily Air Force, and they also have questions about TRICARE. They are always frankly expressing concern over what they believe is an abandonment of their health care needs in the later years.

My question is to Chief Master Sergeant Benken to start out: Do you think long-term--and these are good people; they are not complainers, they are just very upset that they don't feel they can get their military care in a military hospital like they were originally promised--that that kind of message out there would hurt recruitment in the future?

CMSAF Benken. Oh, yes, sir. I think what we have and what we are experiencing right now is, there is a perception that there is an erosion of benefits. The reality is, it is not so much an erosion of benefits as it is an erosion of confidence

in the military system.

We have talked before about the retirement system. We now have three plans. We have the pre-1980, the 8-86 and 86 and beyond. Those troops now getting 10 or 11 years in the service are starting to realize their retirement pay is worth about 25 percent less than those that came in prior to 1980. So that is part of it.

Then they look at health care, the TRICARE. A lot of it is misperception. We are fighting that very, very hard and trying to get the health care system up and running as best we can.

When you couple that with the retirement issue, then it becomes an erosion of confidence.

Then on top of that, you will have anecdotal things or sometimes it is perceived, commissary benefit erosion and things like that. We had the High One, if you recall, the High One issue which was another attack on retirement, which was soundly defeated, fortunately. But I think eventually it could hurt recruitment.

But I think in the short-term retention is going to become more of an issue, especially for units that have the high OPTEMPO. If you are constantly going temporary duty (TDY) and are on temporary duty more than 120 days from your family, then you start having to be concerned about medical care, is your retirement going to erode, and you start putting all that stuff together; we have some pretty smart people in the United States Air Force that will find something else to do.

Mr. Bonilla. You say the TRICARE situation is improving in Texas; it got off to a rough start. Be more specific, how you see that going in the next couple of years. Why the rougher road in Texas versus, you mentioned another part of the country?

CMSAF Benken. From what I have been told--and a lot of this is anecdotal--what I have been told is, depending on where you go, the providers that sign up, whether the providers are willing to sign up with TRICARE and things like that, the administration of how they are paid. Sometimes there is some dissatisfaction that that doesn't happen as quickly as they think--I think it is kind of like General Fogleman says.

When Bill Gates first came up with the software, you know, you would have the first version and then move to second and third versions. I think that TRICARE is something that will just have to grow. But I have to be optimistic, I think, because I don't think we have too many alternatives.

We are not going to get the 35 percent infrastructure that we lost when we did the drawdown. You can stand outside of one Texas air force base and rattle the gate all you want, and probably just have tumbleweeds in the hospital ward. We are not going to get that back. For us, I think TRICARE is the situation.

FAMILY HOUSING

Mr. Bonilla. We have been trying to sell it well in our area. I think we are finally getting some attention down there. It has been a rough road for a lot of us who serve that area as well.

Another subject, Chief Master Sergeant Benken, in your

testimony you talk about the potential of family housing, privatization initiatives. Tell me a little bit more about that. Are you seeing partnerships with private developers? How do you see that going in the future?

CMSAF Benken. We have been trying to get that on board, for instance, down at Lackland. We believe that privatization is a good leverage tool you can use against MILCON to try to buy out the deficit that we have with our family housing units.

We have about 58,000 throughout the Air Force that either need to be completely torn down and rebuilt or renovated, substantial renovation. By using the privatization tool, we believe that we can make better use of our MILCON or enhance the use of our military construction MILCON that we get. So privatization is very important to us.

I think it is kind of a bureaucratic process that we have been going through to get this on board. Like anything else, it is a new initiative, I believe, and something that is going to have some bumps and grinds to it. The first request for proposal RFP was let down at Lackland, I believe. It is out for bids or consideration with the contractors right now.

MARRIED SERVICE MEMBERS

Mr. Bonilla. I would be interested in hearing more about that in the future. Even at Laughlin Air Force Base, it is being very well received out there as well. There is only so much you can do--at Laughlin Air Force Base, with the growth, with the new pilots coming in, any day anything we can do to get the private sector to help us would be a huge advantage in the future.

I would like to move on to Sergeant Major Lee. I am hearing the statistics on the percentage of married personnel in this day and age. A few years ago, if you remember, the Commandant of the Marine Corps suggested that new recruits should not be allowed to marry. This, of course, set off a big controversy.

I am wondering, looking at this realistically, should we review the pay and pay incentive structures to discourage recruits from starting a family early? Is this an overall hindrance to the effectiveness of the military in general, I mean, the high rate of marriage?

SGT MAJ Lee. The Marine Corps is unique in the way it is structured. We have 156,000 enlisted and 110,000 serve under First Contract. Of that 110,000, maybe 35,000 of those are married. The majority of those are in the grade of Corporal-Sergeant.

On the other side, I have my career force, 35,000, 36,000 strong. The majority of those are married. On the other hand, they can afford to be married. We recruit very few people with dependents, married or anything else. Our numbers we bring in every year are so minimal, to say, don't recruit anyone who is married, wouldn't have much of an impact on the Marine Corps.

Once they are in the service, sir, we do everything we can, not to discourage them from being married, but to teach them the pros and cons of marriage and dependents. We think we are making inroads on that.

Like I said, fewer and fewer of my very young ones are, in fact, married and have families.

Is it a problem? Anywhere you have a dysfunctional family, the command and the organization, sir, have a problem. What causes the dysfunction? It could be any number of things. A good, strong family, for instance, 19, 20 years old, can live on what we pay them and provide for them, and they can get by. On the average, they can't.

Does marrying young with dependents and children have an impact on enlistment? It can. It all depends on what the situation is and problems with the children. I don't know if I answered your question, sir.

Mr. Bonilla. Gentleman, thank you very much.

Thank you, Mr. Chairman.

Mr. Young. Mr. Hefner.

QUALITY OF LIFE

Mr. Hefner. Thank you, Mr. Chairman.

Gentlemen, we have seen you before over at the Military Construction Subcommittee. The quality of life has always been a critical issue--when I was Chairman of MILCON, it was the most important thing we had the most concern for. I want to go back to the food stamps.

Like Mr. Bonilla said, you know, you get people very indignant. Our guys are in there defending this country and living off food stamps. It is a very emotional thing that you can't explain. It is good to hear you gentlemen talk about it.

I was just curious, if you were going to go the route of upping the pay to a level where these men and families would not have to go and count on food stamps, how would you determine where you would go on pay? There is no way you could determine that, is there?

MCPON Hagan. I would be happy to lead off quickly by saying, I believe we are on the right road now with a housing allowance reform. It does put housing above the threshold more consistently, eliminates BAQ and VHA as a combined unit. It divorces BAQ from the annual pay raise, is more fiscally responsible, and ties housing allowance to the cost of housing. That would be a step forward.

Preserving the commissary as a true benefit is important to the question you asked.

I would ask if you have the time, sir, to review in my testimony where I think the real issue is similar to what the Sergeant Major of the Marine Corps said. To pay Sailors who work the hardest and sacrifice the most is my number one pay issue. It is internal to the DoD and internal to the Navy issue, but it is one that isn't free and requires your understanding and support.

There are various degrees of arduousness in the career path. Those are not as adequately recognized in the total compensation.

RETENTION

Mr. Hefner. Well, on retention, what is the percentage of the people that sign up that become career people?

SGT MAJ Lee. I will start that off. I guess I am unique. Of course, I have such a large, first term force that I can only

retain a very small percentage of my first term force.

For instance, of the 110,000 who serve on the first term, no more than 18,000 of them can enter what we call the career force. I have far greater numbers of Marines who want to stay in the Marine Corps than 18,000, so I get to pick and choose who I retain, based on several reasons.

So in short, sir, I don't have a retention problem. In fact, as I said repeatedly, I have more Marines that want to stay in the Marine Corps than I have actually got room for. I can't keep them.

SELECTED REENLISTMENT BONUS

Mr. Hefner. Do you have an incentive program for reenlistment, for re-up, and how much?

SGT MAJ Lee. I have certain skills that are hard to maintain, and for that we request every year, and we did, we get from you all a bonus to target certain people to stay in a certain field. But that is a small amount, and fortunately it is not a large part of our corps that we have to target that way. But yes, sir, I do have that.

Mr. Young. Would the gentleman yield?

Mr. Hefner. Sure.

Mr. Young. You differentiate now the targeted bonuses rather than the targeted pay increases we had talked about earlier.

SGT MAJ Lee. I think targeting Military Occupational Speciality, MOS, an occupational field, sir, for a proven performer that you need to retain is one thing. Paying every private, or lance corporal in the Marine Corps a substantial amount of money because a few of them are on food stamps, that is what I am against.

MCPON Hagan. Actually, the targeted bonuses we have come to realize are a necessary fact of an all-volunteer force. We wouldn't be able to retain the nuclear, the vast electronic and certain other ratings in the enlisted force without the targeted bonuses. We have ample proof of that.

Mr. Hefner. I keep beating a dead horse. On the food stamps, and I don't mean to be unkind and have you make a judgment, but the guys that are on food stamps, would they have a tendency not to be most dependable soldiers, or Marines, or what-have-you? Or are they just bad managers?

CSM Alley. No, sir. They come in the Army as a private with the family, because they were told that you can make a better living in 4 or 5 years if you stay in the Army.

Mr. Hefner. They were looking down the road, in other words?

CSM Alley. Down the road you will make a better living. So they come in with every intention of staying. They are good soldiers. They just created a family at a very young age.

Mr. Hefner. And they would have trouble--they would probably have trouble in the private sector or anywhere?

CSM Alley. They had trouble in the private sector raising their families. That is why they came in the military, in most cases.

CMSAF Benken. Yes, sir, because the threshold for qualifying for food stamps means that you are going to have X

number of dependents, and I am not sure what number of children, it might be three or four, with a spouse who doesn't work, or whatever. So sure, it is going to be a little tough for them.

MCPON Hagan. I think my observation is pretty limited because, quite honestly, I have not met many Sailors on food stamps, but my observation would be that you would find a full spectrum of quality there. I think it might be weighted a little more toward the less responsible, but I think you would find a full spectrum of quality there.

SGT MAJ Lee. You would find people, sir, who are in a situation without any negatives on their own part. I mean, they inherited a family, you know, things like that.

Mr. Hefner. They would have problems anywhere they were?

SGT MAJ Lee. Yes, sir, they would have problems anywhere, sir.

Mr. Hefner. One other thing. Talking about privatization, we met a good long while ago on this issue, and Secretary Perry come up with a concept of about privatization, and I think that it is not all that much unlike 801 housing, and I think it is a good concept.

I see now where we are going to have to be very careful because we are going to run into some problems with--in the private sector with developers and what-have-you trying to work this thing out, because I can see now at Fort Bragg the local realtors and folks saying: We have got so many open units here, and you are awarding contracts to build new stuff and you are killing us. But I think it is some place to look.

One other comment. Over the years quality of life focus has been distressing. When I was chairman of the MILCON, Ralph Regula and I had a big focus on quality of life and burden sharing. It just seems that for some reason, and I think it is taking a turn now, but for some reason quality of life wasn't a real priority at that particular time, because the witnesses would come into the hearings at MILCON and what-have-you, and the quality of life issues took a back seat to the weapons systems and all the other things, R&D and everything.

But in my view, if you don't have decent living conditions and quality of life for our people, then it just doesn't make any sense to me for people who are going to be operating the most sophisticated weapons that man has ever known to be living in World War II barracks and walking across an unpaved parking lot to take a shower and standing up to their ankles in water. It doesn't make any sense to me.

We worked very hard back in those years to build day-care centers. I was at Fort Hood once, and some of the spouses were trying to convert an old cafeteria into a day-care center. And we have done a lot, but I think that we need to put more focus on this. We need to have you put more priority on quality of life and especially housing, because we are never going to catch up in housing, no matter what we do.

But I appreciate your dedication to your people, because you are the one that is the closest to them and you know most what their needs are, and we are real concerned about quality of life.

I thank you, Mr. Chairman.

Mr. Young. Mr. Cunningham.

REMARKS OF MR. CUNNINGHAM

Mr. Cunningham. Thank you, Mr. Chairman.

My command master chief ran my squadron. And when he came in, I had lost six of my chiefs, and my command master chief's name was Kit Carson. That was his real name. And I told him he had to get the chief's mess squared away because they realized it. I told him he had the same power I did. And being a command master chief, he kind of got squinty-eyed. But the next morning at 0600 he showed up in my office and said, ``Commander Cunningham, remember when you gave me the same power you had,'' and I remember thinking maybe I made a mistake. I said, ``Yes, Master Chief, what is it?'' He said ``Well, sir, it is personal.''

I said, ``Master Chief, I told you I would support you, whatever it is.''

And he said, ``Well, sir, I made an appointment at the barber shop for myself, and I made one for you, too.'' And the first thing I did is went down and got a haircut. I guaranteed--well, I need one now too.

But quite often, members ask questions with a certain agenda. I have an agenda in asking these questions, but, trust me, it is very pro-military and I think it is the things that you want.

You testified a minute ago that when you came into the service that you were told that you would have lifelong medical benefits if you stayed in the service and retired. I hold that true also. And the reason I am asking this, even some of the members of my own party refuse to accept these facts in their budget constraints.

Secondly, we were told that in our retirement system that there would be a Cost of Living Allowance, COLA that would not gain money for us but at least maintain parity so that after 10 years you get basically zero because of inflation.

Is that true? Is that what you tell your troops?

CSM Alley. Yes, sir.

SEXUAL HARASSMENT IN THE MILITARY

Mr. Cunningham. That is what I have been told. Okay. I agree with you. I want that on the record, because I am going to hit them right in the face with it when my own folks say no.

I have--another problem which occured when I had a shore-based squadron. I had 35 female enlisted; I had 6 officers in it. And we had a case of sexual harassment involving a case of one of our females who was receiving obscene phone calls. I was able to work with the telephone system, find out where the phone calls were coming from. It turned out to be a young man who was also dealing drugs. But it also turned out that the young lady, the petty officer, had turned down this individual.

Well, the other skipper and I brought him over in chains, had captain's mast right there in front of quarters for both squadrons to show that we didn't stand for that kind of activity. And we explained that, man or woman, if you are an E-5 petty officer, male or female, and you are an E-4, you better act accordingly.

I know the services have had problems and, realistically, when you say that you haven't--you know, you are asking these kids not to get married. Any of you not get married before you were 25 years old? Pretty close.

I mean, it is very difficult to ask a young man or a young woman at that age, to forgo that kind of socializing. And I understand the needs, but I also understand the reality.

I also understand it is very, very difficult to monitor and control. You do it through command leadership and everything you can, and I thought I did. But even after I left the squadron I found out that there was fraternization. You just can't keep men and women apart. I believe that--I don't care how hard you try, how hard the command structure is, the leadership and what you do, you are going to have that. And there are going to be problems in the service.

Looking at the recent problems that all services are having, are you going to be able to get a cap on the problems of increasing numbers of females?

I support females in the military, but I know that it seems like it is very difficult to get our arms around this thing and there are all these little players. And the problem that I see, any time you are trying to go forward in one direction if you have a legal thing that happens either on a base or within a squadron, it takes that unit totally away from the direction you are trying to go.

Are we going to be able to get our arms around this problem?

CSM Alley. Yes, sir, because we have to. If we have sexual harassment, the morale, esprit de corps, and the unit's mission are in danger.

Mr. Cunningham. Yes, sir.

CSM Alley. We have to end sexual harassment at the lowest level and do it immediately. The only way we can do that is through education. We have to let the young men and women know because it is not just a female issue. It is also a male issue: Who they can see and what they need to do. We must get control of this issue or the services cannot survive.

MCPON Hagan. I would tell you that with the Navy, sir, I think that we are on track. I am not sure that it will ever go to zero. Zero incidents is our goal.

But you mentioned two issues. I will tell you the issues posed for us by women in the forces that wouldn't be there if we were an all-male force, are fraternization and sexual harassment. The prevention of sexual harassment and pregnancy has an impact on it also and the distribution process.

I have seen progress on all four of those, and clearly stated standards, quick action, the leadership challenge on top of other leadership challenges, the progress has been slower than we would like. But I am pleased.

We also have indicators from the surveys. You can take the survey or leave it, but the surveys that ask whether you accept women, whether you believe they can carry out the duties involved are on the rise, and they are really pretty high.

ATTITUDES TOWARDS WOMEN IN THE MILITARY

I just have one in front of me. It says, ``I feel women

have the ability to successfully carry out the duties of their combat roles in the Navy.'' ``Agree'' and ``strongly agree'' were answered by 61 percent of males and 79 percent of women. That is a step in the direction of doing what the sergeant major says. We simply have to. We don't have any choices. We are complying with the law.

Is it harder? Yes, sir.

Does it present more challenges and leave you less time for other things? Yes, sir.

Are we on track in the Navy? I believe so. In some of those areas I think we have some bragging rights. I am very proud of how we are doing.

Mr. Murtha. Master Chief, would you go over those figures? I lost what you were saying there, what the survey said.

MCPON Hagan. Well, the survey is actually a series of questions. One says, I fully accept women in their combat roles in the Navy. The year of the survey is 1996. The percentage of agreement, strongly agree or 61 percent of men and 79 percent of women.

So, again, I don't want to put too much into those figures. That is just an indicator. These surveys are done by our Military Personnel Data Review Center, or MPDRC in a scientific manner, and they ask questions all across the spectrum.

Mr. Murtha. But I mean, this was taken in the fleet; is that where the question was taken?

MCPON Hagan. Yes, sir, supposedly across a cross-section of sailors to make it demographically valid.

I get the same response in my travels, I was just on many ships out of the Tandem Thrust exercise with the CNO including; Blue Ridge and Germantown. Are there issues that wouldn't be there because of the women if the women weren't there? Yes, sir. Challenges and problems. But it wasn't an aspect of the visit.

They were at sea performing their mission. In fact, everything in the Germantown's well deck was lit off, and while we were there they, the LCACs were put to sea and the AAVs and they performed their mission.

Quite honestly, women asked questions, but questions were gender related.

We still have serious difficulty with young Sailors and the issues that Mr. Cunningham surfaced there, and we are dealing with them, and I am proud of the trend and how we are dealing with them.

SGT MAJ Lee. Sir, to answer your question, we have a zero tolerance. We always have had, to be honest with you. It is just common decency.

Will we ever get to a point where we don't have these types of problems? Absolutely not. I would be stupid to sit here and say that.

Are women in the Marine Corps a multiplier? Absolutely. I have got some tremendous women in the Marine Corps. I have got about 7,500, and they are doing just about everything that their male counterparts do.

One thing we have done--and I hope you all picked up on it again--is we are making our women and our men tougher and more independent and more capable of dealing with these kinds of things in a modern military and a future military.

I will be honest with you. When I look at our women who go through this crucible and going through the training they are going through right now, and you want to harass one of them, you have got to be crazy.

Mr. Cunningham. Like harassing Helen Bentley.

SGT MAJ Lee. At the same time, we are telling our women flat out, you don't have to put up with this.

So we in the military are attacking it from different ways, top down and bottom up. We are telling those who can harass, abuse, haze, whatever: You don't do it. If you do it, you are going to pay a hell of a price for it. In fact, you are going to terminate the service.

We tell those who could be victims: Don't be a victim. Because I don't care what anybody says, the support is inside the military. That command and that structure will support any victim we have of anything, and we do support it, and we do take care of them once we hear about it. And for anyone who will allow themselves to be a victim and will not stand up for themselves, then obviously they shouldn't be wearing a uniform. We have got a problem with that.

VETERAN'S HEALTH CARE

Mr. Cunningham. I tend to agree with all of you. And the reason I asked the question is that I know we are working on command and leadership, and I know we are working on education, but I don't think we are ever going to get to zero infractions either. You can't get to zero in drug reduction or anything else but you have to work towards that.

Part of the problem is, I think the American public out there see the services as they have got this problem. The same problem exists in any business that you go into. But I think we need to sell, Mr. Chairman, our position that the services are working on this probably harder than private business is. And they should be lauded for their efforts in doing it. But yes, you are going to have cases that come up like this.

If I may just ask one last question, Mr. Chairman, and it will be succinct. I have traveled around to a lot of our veterans hospitals, and part of the ongoing care that we have when we retire out of the veterans hospitals, we come up with a program called subvention to where you can actually use Medicare benefits at your VA hospitals. It has saved great amounts of money. It actually saves Medicare dollars, because you can do things cheaper than you can going to a private doctor.

VA doesn't like it that much, but for the military servicemen it is going to increase the numbers of doctors at our VA hospitals. We are going to get more equipment for men and women for mammograms, for prostate cancer, those kinds of things, where you don't have to get letters of nonavailability because you will be able to serve there and everything.

Can I just get a question for the record. You can--and in the essence of time, maybe you could just submit an answer on if you support that type of concept or not.

CSM Alley. Yes, sir. Our retirees are probably the most hit by changes in medical coverage.

Mr. Cunningham. Yes, sir.

CSM Alley. It is difficult, especially for the aged to deal with that and everything else. I support anything that is going to help our people.

Mr. Cunningham. Thank you.

Thank you, Mr. Chairman.

CMSAF Benken. Mr. Chairman?

Mr. Young. Yes.

CMSAF Benken. Could I address the women issue?

Mr. Young. Yes, please do. Certainly.

CMSAF Benken. When I came to the service back in 1970, I will tell you that women were confined to about six career fields, I believe: Administration and medical. The Air Force now has 99 percent of their career fields open to females, and the reason I want to bring this up is because I want to foot stomp that our training, gender training, is integrated down at Lackland Air Force base, and we do not want to change that. We want to keep our training the way it is in the United States Air Force, with the integration of women, the way it is. It is very successful.

One-quarter of our recruits--and it has been 30 percent, actually this last quarter--of our recruits are females. They are very much integrated in the United States Air Force, and we would like to keep that going. On that particular subject, I want to foot stomp, please do not mess with our training.

Mr. Young. Okay.

Mr. Dicks.

Mr. Dicks. Thank you.

I regret very much that I was unable to be here for your prepared statements.

RECRUITING STANDARDS

Mr. Young. Incidentally, I might mention that Mr. Dicks is a recent visitor to Tandem Thrust.

The Master Chief has just come back.

Mr. Dicks. I am glad you are back.

Have you seen any evidence that the quality of recruits is declining? We know what--the Army has changed its standards at the margin, as I understand it, from 95 percent high school diploma graduates to 90 percent high school diploma graduates.

CSM Alley. Sir, we went back to our original standards prior to the drawdown of 1989. If you are drawing down soldiers and you do not need as many of them, you can raise your standards up to 100 percent.

Mr. Dicks. Right.

CSM Alley. That is what we did.

Mr. Dicks. Well, that is good to hear, because you might tell that to Reimer and Togo West, because you explain it much better than they did.

Maybe I will do that. I will explain it to them.

CSM Alley. I would appreciate that, sir.

Mr. Dicks. You are not lowering your goals you are just going back to the goals that you were before the drawdown.

CSM Alley. We are going back to our original goals sir.

Mr. Dicks. That is a better way of saying it, I might add.

CSM Alley. In saying that, you have to remember that our high school non-diploma graduates still have a GED.

Mr. Dicks. Right. It is still a very high quality individual coming in?

CSM Alley. Yes, sir. Not only that, if you are a GED holder, you must be in the top three test score categories. You cannot be a category IV in the United States Army with a GED.

Mr. Dicks. So you have seen the top three categories. What are those three categories again?

CSM Alley. Categories I-IIIA, sir.

Mr. Dicks. Okay.

Mr. Murtha. If the gentleman would yield?

Mr. Dicks. Yes.

Mr. Murtha. Let me add, I visited five bases. The recruiter--or the trainers say the quality is slipping. Now, you can stand here and tell me GED hasn't changed.

CSM Alley. Yes.

Mr. Murtha. I am talking about emotional problems; I am talking about physical conditioning; I am talking about----

CSM Alley. Yes, sir. Excess baggage?

Mr. Murtha. Yes, that is right.

CSM Alley. Yes, sir, across-the-board.

Mr. Murtha. Just so we get a clear picture.

CSM Alley. Today's Army is not equal to the Army five years ago. Now, you want to talk about soldiers coming in today's Army? Go to a training base and listen to the language. It is nothing like what you are listening to on the outside. The higher education you have, the lower you can have to come in.

Yes, there is a difference.

Mr. Dicks. How many of the new recruits are minorities in the Army?

CSM Alley. 36.5 percent, sir.

Mr. Dicks. 36.5 percent. Is that about what it has been?

CSM Alley. That is what it averages. Well, we started out at 14, and we went up. It is about 36.5 percent. We have about 14 percent females, sir.

Mr. Dicks. Okay. How about the physical condition of the new recruits?

CSM Alley. Most of our recruits who come in are spending their time watching television. We do not have football and baseball players anymore. We have to start from the bottom and build them up.

Mr. Dicks. So you have to get them in shape?

CSM Alley. Yes.

FITNESS CENTERS

Mr. Dicks. One of the things I was noticing in the statement by Mr. Benken, Chief Master Sergeant of the Air Force, was your strong support for fitness centers.

CMSAF Benken. Yes, sir.

Mr. Dicks. And that that was one of the things that the people who were in the Air Force ranked as one of their highest priorities. Is that correct?

CMSAF Benken. Yes, sir. They are full every day, every hour almost.

Mr. Dicks. Do the rest of you find that to be the case?

SGT MAJ Lee. Oh, absolutely.

Mr. Dicks. We had a big problem. I had a big problem. I

tried to--I supported and we actually, with bipartisan support, fended off a budget attack on a fitness center at the Puget Sound Naval Shipyard in Bremerton, Washington, my home town. I actually have been to the old facility, which is terrible, awful. Thirties, twenties--you know, kind of aged; very little equipment. And I stood up to the criticism.

I think that the services need to explain that these fitness centers are very essential to these people being successful in the military. They have got various tests. I think the Navy, what, does two physical fitness tests a year?

CSM Alley. All of us do, sir.

Mr. Dicks. The way they were characterized in the media was, it was kind of like a spa. I know that is not the case. But I just felt very strongly that we had to stay with this, and I noticed that you have got several in your budget that--and saying that a lot of them are old and need to be replaced and that this is an important item, I would assume, in quality of life and in retention.

CMSAF Benken. Absolutely.

Mr. Cunningham. Would the gentleman yield?

Mr. Dicks. Yes, I yield.

Mr. Cunningham. One of the other things, Norm, we found is, many of these troops that live on base don't have money to go off base. It is either going to the club drinking beer or it is going to the fitness center, and it makes a big difference in just the quality of life and how they project their life.

CMSAF Benken. Sir, it is not only that, you know, the physical aspect of it, but also the nutritional aspect of it and things like that. We incorporate wellness through smoking cessation and things like that. And the end cost to the Government, when it comes to medical costs and things like that, is amazing. It is tremendous. I don't know how you quantify that, but we have much healthier troops.

But to get back to the quality for just a second, you know, we are a much smaller force. We cannot afford the day--you know, we had a social experiment back when I first came in called Project 100,000. We brought in a lot of troops who were mentally deficient and things like that, and I would tell you, some of them grew up to be more senior ranking than CEOs, and we paid the price in leadership and things like that.

We cannot afford to slip into an era where we take on a lot of quality problems into the United States Air Force. Every man and woman serving in the armed forces today has to be counted on to do their job, and that is why we hit the quality of life so hard, that is why we hit retention so hard, is because we have to keep those quality people and we have to keep people that are motivated for reasons of patriotism, for reasons of service before self, and that is essential to us, and we do not want to slip into that quality issue that we had several years ago. Trust me on that.

Mr. Dicks. I would like to hear from the rest of you on this.

MCPON Hagan. I would like to respond to what Mr. Murtha said and following on to you. The quality definition is very narrow and valid for a very narrow set of purposes; it is the Armed Forces Qualitative Test, or AFQT and the high school graduate or not. I think it might include what sort of a high

school graduate they are, but that is a very narrow definition.

Our trainers are faced today with increasing challenges. We get the full spectrum of young men and women. We get young men and women from homes where parents provided them with a value system, sacrificed and put the energy into imbuing that value system into them, and we get men and women that have no value system. That is a part of a bigger, harder definition of quality, and it is what the sergeant major might have been calling excess baggage, and it is challenging us. Along with societal and cultural norms changing, it makes it a little more difficult.

I would like to also add my comments on the fitness centers. We are certainly grateful that one of the great good-news stories of the Navy is the quality of life at Bremerton Shipyard and home port and at Edward and Bangor.

You should be aware, though, that there are other pressures on the fitness centers. Even where we have good fitness centers and gyms or where we have adequate fitness centers and gyms, the shore-based commanding officer is increasingly finding it difficult to keep those facilities open the number of hours I would like to have them open as alternatives to, as Mr. Cunningham said, other less healthy activities, because the pressures of the budget are felt down at that level intensely, and I think I would be deficient if I didn't mention that in this context.

Mr. Dicks. That comes right out of the O&M budget; right?

MCPON Hagan. Yes, sir.

SGT MAJ Lee. Sir, on the recruiting issue, the quality, maybe I am a little bit different. I am not totally disappointed in today's youth. They are different. They are different, and they have some things that maybe some of us didn't have a long time ago, but I am not dissatisfied with what we are recruiting. I think we are recruiting as good as there is out there, and I think we have--institutionally, I think we have an obligation to the taxpayer, to the Congress, and the American people in general to not only say we make Marines but, in fact, we do make Marines. We do make Marines. The better we start off with, the better Marine we will make.

Right now, sir, we are maintaining our quality at every category you can possibly measure, and nothing glaringly is sticking out.

What the people have told us is, the young man and woman today want to be challenged. Well, we are challenging them. They want somebody they can look up to. We are trying to provide somebody for them to look up to. We think we are doing that.

Primarily, they want to belong to something that they can believe in, and, again, we are an institution where, if you have got anything at all going for you, you can believe in it.

So I will take odds with the fact that the person we are bringing in today is any better or any worse. They are different, but I think we can make Marines out of them, and we are making Marines out of them.

QUALITY OF EQUIPMENT

Mr. Dicks. Let me ask you one thing. When I first joined

this Committee 19 years ago, we had the hollow force issue, and there were retention problems and all kinds of different things that we tried to deal with to put together a package of benefits and do the things necessary to keep retention high.

A lot of us are worried about the lack of modernization, and, maybe we are, I think, properly concerned about readiness and training and those things; that, maybe the next potential problem out there is the lack of modernization. And we are hearing some anecdotal evidence that some people are leaving some of the services because of concerns about the quality of the equipment.

Is this true, or is that just a fiction?

CSM Alley. I have never heard of anybody getting out because the equipment was not good enough, or was not new enough.

MCPON Hagan. I echo that.

The Navy shipbuilding plan worries me. It is far above my charter, and I accept the fact that the age of our fleet presently allows us to delay building more for awhile. I accept that. But I think there is no dimension to the retention and equipment. Right now, in fact, we have got an awfully capable fleet, as you saw in your visits.

Mr. Dicks. All right.

SGT MAJ Lee. Sir, the way we look at the Marine Corps right now is, there isn't anybody out there that can really beat us, not just the Marine but our service. We are--we have old gear, we have very old gear, but we have some great new gear coming, the V-22, the AAAV, and those kind of things are coming. We are not to them yet.

What we are doing--and our people accept this and understand this, we believe--is we are going to invest in rebuilding, remanufacturing of our major end items, and that is going to carry us and get us ready--and we are ready, we will stay ready. That is going to get us to 2005, 2007, 2008, when this next level of technology does arrive for us to employ. I don't believe I have Marines getting out of the Marine Corps because their equipment doesn't work.

Do I say I don't have problems with supplies in some places? Absolutely not. Do we need parts in some places? Absolutely. But again, they are almost location oriented. They are depending on what level. When you are ready to deploy? Are you going out next? Are you a year from going out? A lot of intangibles in there that people will hit you with when you ask them the question, but reasons and answers are there once you do the research. We are ready. We will stay ready. That is it, sir.

Mr. Dicks. Well, thank you very much. We appreciate the job you all do.

Mr. Young. Mr. Cunningham, you have a quick question?

Mr. Cunningham. Let me give you something really to worry about. Looking at what your expectations are with the things going out into the future, the President's balanced budget, 98 percent of the cuts in social spending happen the same time he promises to increase modernization. It just won't happen.

Thank you, Mr. Chairman.

Mr. Young. Each one of you have risen to the top of your profession in the enlisted ranks, and you have tremendous

responsibilities, and I am sure that you could use extra hours every day at your assigned job. But I wonder, how often do you get to get out and visit troops in either basic training areas or advanced training areas or in exercises? How often do you get a chance to do that?

CSM Alley. Sir, I travel 20 to 25 days a month. I visit every installation there is.

MCPON Hagan. From Antarctica to Diego Garcia. I travel constantly, sir, with no restraint and with the absolute approval of and encouragement of my leadership.

SGT MAJ Lee. Same thing, sir. Within the course of a year, I will see 80 percent of my men and women around the world.

CMSAF Benken. 20/25 days a month around the globe.

Mr. Young. When you make these visits, do you visit with the troops, the enlisted troops, basically, and do you give them an opportunity to gripe?

CSM Alley. Oh, yes, sir.

SGT MAJ Lee. Yes, sir.

CMSAF Benken. Yes.

MCPON Hagan. Yes.

Mr. Young. What are the major gripes that you are hearing now?

CSM Alley. Sir, the biggest thing is the uncertainty of where we are going. We say the drawdown is over, but yet we know--you pick up the newspaper--the Army is going to take a cut. Who? Where? What? Everything affects retention.

If you continue to tell the soldiers that we are going to eliminate 10,000 people or, we are going to eliminate 20,000 people, the first thing the soldier is going to say is: my unit is next; I am next; and I am getting a job now and getting out.

That is why we are having a problem at the 10- to 12-year mark at the sergeant--staff sergeant level. They are cutting their losses, and they are going on to bigger and better things, or they are just getting out because they do not trust what we are telling them because every year we change the quota.

MCPON Hagan. Sir, I do all the all-hands call, the chief's call, the command master chief, every level of the enlisted force, and then I also interface with the wardroom, although less often but enough to be comfortable with their concerns.

I have included in my testimony some of the things that I hear because I make a commitment in front of them, when it is an inequity imbued in the law, such as the BAQ difference which I included in my testimony, a minor issue in scope but to the sailor who is divorced and has child support and is being treated unfairly, that is major. I hear about those issues. It is major to them, and I translate them into my testimony or into action items.

I hear the same thing that the sergeant major mentioned, but I also hear a lot of concern about outsourcing and privatization, and at the senior enlisted level that concern is that we do it thoughtfully, that we do it with full consideration of all the ramifications, which, for the Navy, includes sea/shore rotation for the Sailors whose jobs will be outsourced.

For the Navy, I am especially personally concerned about not outsourcing initial skill training so that the contact that

our young sailors have during the pipeline before they go to the fleet is with sailors that have been with the fleet, and not with community college instructors.

Advancement has slumped in some areas, to unacceptably low levels, in the very ratings that are being called upon to operate the heaviest, and the uncertainties with future BRAC and future drawdowns certainly are on the list of gripes that I hear, sir.

SGT MAJ Lee. There are things in the Marine Corps. We may have, and I believe we do have, the most strict standards for retention in the service beyond certain years, and our promotion policies are not generous either. In fact, they are extremely competitive.

So when I talk to my Marines, the biggest questions I get from them is their individual opportunity to be advanced and retained and the majority of the time it has got nothing to do with anything except our own personal management and our own requirements within the Corps itself.

As I said awhile ago, I can only keep 18 percent of my first term force any given year, and I routinely have about 35 to 40 percent who ask to stay, but those who can't stay talk to me about it.

Then when I have people who compete for promotion and it is extremely competitive--maybe a 60 percent chance of selection, and they can only fail two times--and they don't make it, and all of them are good people and they don't make it, then I get a lot of those questions. But, sir, those are internal type management controls. Actually, they are good for the Marine Corps because we retain the best; we promote the best.

One of the questions I get--again, it goes back to early on--is the medical issue, and it is not the quality of the care that the individuals get and the families. It is understanding, particularly on the family side, and those who are disassociated or not living close to a military installation, understanding TRICARE, understanding the use of CHAMPUS, understanding outpatient status, nonavailability slips. The complaints are just myriad, and primarily it is education and understanding. And, like the sergeant major said, when you PCS from one place to another you have got to learn a whole new system.

So those are the complaints I get, sir, on a regular basis.

Mr. Young. We will have the Surgeon General this afternoon and we will have a chance to discuss that with him.

SGT MAJ Lee. Again, the quality of the care, sir, is good. That isn't the issue; it is getting it and understanding it.

CMSAF Benken. Sir, I think we are holding our breath until the QDR is finished whether there is any review to find out what direction we are going to go. But drawdown, outsourcing, facing the possibility of some more instability, further reductions, and things like that certainly are on our minds.

We fight a lot of perceptions. You know, some of the troops, if you just say, ``How many of you feel there is an erosion of benefits?'' and you are in the base theater, almost everyone will raise their hands. When you show them the benefits gained from Congress last year--and I took this back 5 years with the legislative liaison folks, and I said, ``Look at this. I mean, this is what Congress has done for you.'' Then

they say, ``Oh, okay. Well, we didn't realize that.''

But a lot of it is a marketing on our part and to make sure that they understand that. The other part is what benefits they do have in the service, you know, the retirement, the medical, and those kinds of things.

But we took some major changes, I think, in the way we do business in our military, when we changed the retirement, when we changed the medical, and, you know, with the continued rhetoric about the commissary and things like that, those are things that are at the heart of the military way of life. It is a culture for us.

I have heard such bizarre things as people talking about maybe having an Air Force base where you just have a flight line and everybody just comes to work and that is it. I will tell you, I don't think that will work. We have to trust each other.

You know, we deal in weapons of lethality, and we have to trust the people who stand next to us every day, and it is not like an assembly line where you can just go in and if the assembly line shuts down, that is okay. If that jet doesn't launch correctly because the maintenance member didn't do their work correctly, that is a different story.

So I think a lot of it is perceptions. I think all of us would tell you that our morale pretty much is excellent across-the-board. We have some units that are getting tired. Going to the desert the sixth, seventh time in your term of service, it gets to be a little bit old. Being away from your family, some of the units, 180, 200 days a year, gets to be a little old, especially if you come off of a remote assignment for a year in Korea and then you do that back to back, that becomes a little bit old.

But I think we are doing pretty good, but we have got to watch it. We have just got to be careful.

Mr. Young. When you make these visits, do you ever have meetings with the spouses, the wives and/or the husbands, of the uniformed personnel?

CSM Alley. Sure.

Mr. Young. Are their gripes basically the same as you hear from the active-duty troop?

CSM Alley. Identical, you have to remember that the soldier is complaining because his wife or her husband has been complaining. Also, most of the time when we talk to wives, child care becomes an issue. So we provide child care and different programs to support the family. But, the wives are very vocal, and the husbands who are married to female soldier.

Mr. Young. We are going to give you some written questions on child care that I would ask you to respond to for the record.

MCPON Hagan. I am fortunate enough, I think, as perhaps all of my counterparts here, that my wife is empowered and encouraged as the ombudsman to the Navy at large. I am grateful for it because my plate is full with other issues. She will interface with the wives, hear the comments and questions about the commissary and exchange, the child care, family housing, the support networks, responds and is able to satisfy, I would estimate, 70 percent with information she has because she is better connected. She brings me the other 30 percent to take

care of.

So yes, sir, I stay plugged into the families pretty well.

SGT MAJ Lee. My wife is both a mother and a Marine, sir, and she spends a lot of time with families as well as with the Marines. Yes, we spend a lot of time with the wives.

CMSAF Benken. Well, the important thing to note on that is that our demographics completely changed. You know, we used to be 70 percent single and about 30 percent married. We are now 70 percent married and 30 percent single. So we have to pay a lot more attention to our spouses.

The thing that we found in Europe when we were doing all of the contingencies at the height of the contingencies that we were doing over there, again, we couldn't do anything about the political aspects of that and we had to go keep Saddam in his box. We had to deal with Bosnia and those sorts of issues.

But we found that if we could attack the quality of life, if the spouse didn't have to worry about getting a hospital appointment, if they didn't have to worry about leaky plumbing in the house and if they didn't have to worry about those issues, child care, then the quality of life went up, the complaints went down, the mission was performed, no problem.

So that is where the spouse connection is made.

QUADRENNIAL DEFENSE REVIEW

Mr. Young. I listened closely to your responses, and a lot of the complaints that you hear have to do with the OPTEMPO, have to do with the back-to-back deployments, and I am wondering, how much input do each of you have in the QDR? Are you direct players when the QDR board meets, or do you have an opportunity through your chief to have substantial input to the QDR? Whatever this QDR comes out with, if it goes forward, will have a lot to do with how many more deployments there are, how many more troops or how many fewer troops there are going to be.

MCPON Hagan. Yes, sir. If I could answer that in two parts, I would have to tell you I think it is mostly my fault that I am not plugged into the current QDR process. I think I could be, should I insist. My own personal OPTEMPO has prevented that, and I am comfortable with the representation.

I would like to go back to your opening statement about many of the complaints that come from OPTEMPO. That is not untrue, sir, but I didn't come here today with that complaint. I really want only this Committee and OSD and all of our leadership to fully recognize the OPTEMPO and PERSTEMPO when we prioritize the needs. We as a Navy wouldn't be much use if we complained about deploying or living aboard ship or standing the duty required to keep the ship mission ready.

My concern is that when the prioritization of resources is finalized, that it be considered that those who have worked the hardest and sacrificed the most. So yes, there are plenty of complaints but Sailors really are proudest, and in fact on these surveys I mentioned, if you will look at the surveys that are laid out over a 10-year period, you will see a peak on the satisfaction rate of everything that is asked: How satisfied you are right after Desert Storm when our OPTEMPO had been really out of whack. Some units had been deployed for the full

12 months; units that had just returned from deployment 6 months went for another 6 or 8. So two separate issues.

I am satisfied with my representation for the QDR and how the Navy is working that, although I, like the chief master sergeant, am anxious to see the results.

SGT MAJ Lee. Sir, I am very much involved in the QDR. General Krulak allows me to be a part of all of his sessions--not in tank, I don't do any tank meetings, but everything else I do.

During OPTEMPO, PERSTEMPO, again, we start from day one, making sure our Marines and their families understand that the Marine Corps exists to be deployed. That is all we exist for, just like the Navy. In doing so--I swear, sir, I am not lying to you--if I go into an operational command that has not been out for a period of time, the questions I get are: Why can't I go? When am I going to go?

If something is going on in the world that looks exciting and I have got a battalion at Camp Lejeune that ain't involved, they are angry about it. And, to be honest with you, a lot of times--getting back to the wives--when I have sessions with the wives and my wife has sessions with the wives and they get together and they are in operational commands and their spouses have not been anywhere for awhile, they want to know when they are going out. Now, that is true, sir. I am not making light of the subject here.

PERSTEMPO, OPTEMPO, any problems we have, they are internal problems.

Now, if we drop far below our authorized current strength, I can't sit here next to you and tell you that, sir. We need to hang where we are. I am not going to lie to you. Keep doing what America needs to do.

CSM Alley. I agree 100 percent. I just came from Fort Hood. Fort Hood has III Corps, the heaviest armored corps in the United States Army. They deploy 140 to 170 days a year.

Also, if we lose any more soldiers in the United States Army, we will increase everything that each soldier is doing today. It is a serious problem, when we watch an infantry battalion pull up, they drop the back of the Bradley, and nine soldiers are supposed to come out but only three come out.

It is not going to improve. We are going to continue deploying. We are going to continue to be combat ready, and we are going to continue to support everything that we have.

CMSAF Benken. PERSTEMPO it is a hard one to get your arms around because it is very complex. Some of our highest retention is in the high PERSTEMPO units, the units that are deployable. And then you get into an area where the F-16 crew chiefs, for instance, where they will go to a place like Kunsan, Korea, in heavily tasked exercises, things like that, plus a remote tour. Then they come back to a unit that is going to the desert all the time. Those things start to take their toll.

So we have to be careful that we watch some of those particular career fields: Fire fighters, security policemen, civil engineers, for instance. We have to watch them very closely, because we are starting to have some drops in their retention.

So it is a tough one. When you ask the troops, you know,

they say, ``Well, yeah, we like being in the game, you know; we don't like sitting on the sidelines; we want to drop a little steel on the target,'' and stuff like that. So it is a mixed bag.

OPTEMPO

Mr. Young. Well, I have a lot more I would like to talk to you about on that subject, and I don't want to get in trouble with any one of the four of you, but I detect a little inconsistency in your position that, yes, we are there--we are prepared to go, and we are going to go, and we will go, and we will do a good job.

I know that. I agree with you. I believe that. But you still have a lot of people out there in the trenches that have been deployed time after time after time, and it is getting to them, and it is getting to their family. The Army had 18 divisions in Desert Storm. Now we are down to 10. If the OPTEMPO stays where it is, 10 and 18 is such a big difference. That means almost twice as much OPTEMPO for the individual soldier.

So I hope that as we approach this QDR--that is the reason I asked about the QDR. I hope that your input would be that if we are going to continue to have a high OPTEMPO and a high number of contingencies, contingency deployments, that we are going to stop reducing the end strength and we are going to stop reducing the force so that you have enough people to give somebody a break in between a deployment.

Well, enough on that.

Mr. Murtha.

Mr. Murtha. Nothing further, Mr. Chairman.

Mr. Young. Well, thanks very much for a very interesting hearing. And I just hope that one thing you will do for all of us on this Committee--I know that when I visit, and Mr. Murtha visits a lot, and other members visit the troops in the field, one thing that I hear, and I think others hear the same thing: Does anybody in Washington really care about us?

I hope that you will tell them that the members of this Committee really do, that we appreciate them, that we respect them, that we are here to do what we can to make their life--the quality of their life and the life of their family as good as we can make it. And if you will pass that on for us, we would appreciate it because all of us are sincerely committed and dedicated to that proposition.

And, again, thank you very much. The Committee will adjourn now. We will reconvene at 1:30 today in an open hearing, to discuss the Department of Defense's medical programs.

The Committee is adjourned.

[Clerk's note: Questions submitted by Mr. Young and the answers thereto follow:]

Compensation Reforms

Question. The Committee understands that starting in fiscal year 1998 OSD is considering reforming Basic Allowance for Subsistence (BAS). BAS reform would tie the current subsistence allowance to a more credible food cost index, and ensure equitable compensation between all

enlisted members. We are aware of problems that have occurred in the past when service members have deployed and their paychecks were reduced for the $200 a month allowance. Do you believe that the subsistence allowance needs reform, and this new initiative will alleviate that pay problem?

Army Answer: Currently, the law does not allow us to uniformly pay BAS to soldiers when they are deployed. A soldier deployed for an operational mission, like Bosnia, is paid BAS. However, a soldier deployed for a training exercise is not paid BAS. This allowance is, in many cases, 22 percent of the soldiers salary. Enlisted soldiers believe that reform is needed. The Army supports BAS reform as the key to resolving these types of pay inequities.

Navy ANSWER: The current BAS Reform effort has been very well staffed, is fiscally responsible, and will allow us to collectively move on to other equity driven BAS initiatives.

Current BAS Reform initiatives are intended to line this pay up with its original intent, the cost of food, and to detach it from the ECI calculated cost of living adjustment. There are, however, other important Navy specific BAS issues which should be carefully considered in the next review of our pay and allowance system.

For example, currently when a Sailor returns to sea duty, he or she forfeits BAS in favor of Rations in Kind. They subsist in the mess onboard ship, and have no other options. It is unreasonable to expect anyone to commute to the ship for meals during time off, but there are no provisions for partial BAS, etc. All shipboard Sailors, married or single, forfeit BAS.

The current BAS Reform initiative is a step forward and may allow us to address next the long standing inequity posed for deployed Naval Mobile Construction Battalions (NMCBs) (also known as Seabees) units as well. Currently, these Seabees face the highest OPTEMPO/PERSTEMPO cycle in the Navy, deploying seven months out of every year during their sea tour. While deployed, SEABEES receive lower pay through the forfeiture of BAS. These examples are provided to the Committee for background information and I stand ready to be part of any review or study of the remaining challenges.

Marine Corps Answer: BAS Reform is a good initiative. It will provide money to Marines who had to either eat every meal in a messhall, or else pay ``out-of-pocket'' for occasional meals outside the messhall. The current initiative does not address the issue of BAS payments when deployed.

Air Force Answer. Subsistence allowance reform is necessary because the current allowance, tied to increases in basic pay, has lost its relationship to food costs. Increases in BAS should be tied to a credible index, and will be under BAS reform.

The reform will also correct inequity between those enlisted members who receive BAS and those who receive their subsistence in-kind. If the typical member receiving BAS today were to eat all their meals in a government dining facility, they would have money left over at the end of the month. Members receiving their subsistence in-kind only receive the meals. By providing BAS to all members, we are recognizing that even those members who are required to use dining facilities have other subsistence needs.

What BAS reform does is establish a level playing field prior to deployments. However, subsistence allowance reform will not, by itself, correct BAS deployment inequities. The Services and OSD need to establish uniform policies for the payment of BAS to deployed troops.

Question. Explain the aspects of this reform plan. How long will

this reform initiative take to implement? Why does the Department say this reform plan will be cost neutral?

Army Answer. BAS reform will correct the pay inequity between deployed soldiers. All soldiers will be entitled to full BAS and charged for meals provided by the Government. Our soldiers will be able to keep the portion of their allowance that remains after paying for their meals, recognizing that soldiers required to use dining facilities have other subsistence needs. Additionally, this reform simplifies BAS by reducing the number of rates, and ties the allowance to a food cost rather than pay. If approved, BAS reform will take five years to reach completion. Placing all enlisted members on full BAS immediately would cost approximately $138 million. This is just not affordable. It is my understanding that the Department intends to distribute available dollars in a cost neutral way, limiting BAS growth to one percent a year for all soldiers receiving BAS, and incrementally paying full BAS to those soldiers who are subsisted in kind.

Navy Answer. The cost relevance relationship between BAS's monthly allowance ($220) has long since left the USDA monthly food allowance ($200) behind. That relationship and the further eroding of BAS as a ``credible food allowance'' will continue to widen as long as BAS increases with the annual pay raise. DoD's BAS Reform will correct that problem. The goals of BAS Reform are simple: (1) erase the ``gap'', thereby returning BAS to a credible food allowance, and, (2) remove many BAS pay inequities inherent to the current system. The timetable for erasing the ``gap'' is five years. This ``transition'' period will allow DoD to put an annual 1% growth ``cap'' on BAS, thereby letting the allowance to slowly rise while affording the USDA allowance sufficient time to ``catch up'' and achieve BAS/USDA parity at the end of the fifth year. During the transition period, those not receiving BAS now, will begin to receive a partial BAS allowance (on the average about $20 per month), that will dwindle in amount each year towards zero as BAS/USDA parity is reached. At that time, all enlisted will receive BAS and partial BAS payments will cease. DoD has determined that this initiative will be cost neutral because of joint Service concurrence to ``pool'' all of DoD's BAS annual funds in one ``pot'' and then apportion the necessary funds to each Service, based on needs (in essence, Army and Air Force will provide parts of their BAS funding to pay those Navy and Marine Corps members not currently receiving BAS).

Marine Corps Answer. The BAS reform proposal will entitle all enlisted service members to BAS. Once all service members begin receiving BAS, DoD will propose that service members do not lose their BAS when they deploy. OSD would like the plan to begin in Jan 98 and be implemented over a six year period. OSD refers to the plan as ``cost neutral'' because the plan does not require any additional funding from Congress.

Air Force Answer. This reform plan will link BAS to a credible food index (a USDA food index) and will tie increases in BAS to increases in the USDA food index rather than to pay raises as is currently done. Enlisted BAS currently exceeds the selected USDA food index by approximately $20 per month.

BAS reform will also provide BAS to all enlisted members, to include those currently living in dormitories who are directed to eat in government dining facilities. Once the reform transition period is complete, these members will have the cost of their dining facility meals deducted from their BAS. After the deduction of their dining facility meals, these members will have approximately $48 of

``spendable'' BAS remaining each month.

BAS reform will achieve cost neutrality by limiting the growth of full BAS to 1 percent per year until full BAS equals the USDA food index. The remaining 1-2 percent which BAS would have risen will be used to fund a ``partial BAS'' for those not currently entitled to BAS. The amount of partial BAS will increase incrementally over a five-year period. When the cost to eat in a dining facility plus the partial BAS equals the USDA food index, the transition period will be complete and all members will draw full BAS.

Question. Do you believe that your enlisted soldiers and sailors will perceive this as another erosion of benefits that you will have to counter?

Army Answer. At first glance, BAS reform appears to be an erosion of benefits for those currently receiving BAS, because it limits the increase to their BAS for five years. However, when briefed on the whole program and the benefits that will result, soldiers will recognize that the benefits outweigh the downside to the program. Fixing deployment inequities and bringing this allowance in line with food costs will benefit all of our enlisted soldiers.

Navy Answer. No, quite the contrary for Navy, our Sailors like the initiative. All enlisted, regardless of marital status, on sea duty never see BAS. On shore duty, our married Sailors are automatically authorized BAS. Our single Sailors, who live on-base, must miss at least two meals daily to be authorized BAS. So for those single Sailors living ashore in our Bachelor Quarters and for every Sailor on sea duty, this initiative is an instant ``money-maker'' in the form of Partial BAS. At the end of the five year transition period for BAS Reform, all Sailors, married or single, at sea or ashore, will receive BAS and be debited for the meals the government provides. Our Sailors are looking forward to the enactment of BAS Reform.

Marine Corps Answer. Marines who already draw full BAS will undoubtedly perceive an erosion of benefits when they see annual BAS raises limited to 1% over the next 6 years. Education will be the key to ensure all Marines understand the purpose and reasons behind this reform. It's not an easy sell when Marines are told that current BAS rates ``overpay'' them for food costs. But good leadership and thorough explanations should alleviate the perception of eroding benefits.

Air Force Answer. That depends on who you ask. The 58,000 airmen who will receive an additional $48 per month will undoubtable see this as an increase in benefits. On the other hand, the 244,000 enlisted members who will see increases of 1 percent vice 2 or 3 percent in their BAS may very well see this as an erosion of benefits. (Over the course of the transition period, enlisted members drawing full BAS will see an increase in BAS from $220 to $234 vice an increase to $259.) Because of this perception, OSD and the Services will pursue an aggressive marketing campaign to ensure our people understand the reform and why it is being implemented.

Housing Allowance Reform

Question. The Committee understands that the Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA) are being considered by OSD for reform also. Explain what the intent of the Department is in combining the two allowances.

Army Answer. The intent of the new system is to directly address the three key flaws in the old system: (a) basing housing allowances on housing expenditures instead of housing prices; (b) basing housing

allowance increases on pay raises instead of housing price increase; and (c) inequitable distribution of housing allowances. The plan combining BAQ and VHA into one allowance will determine allowances based on local fair market rents, tie increases in housing allowance to increases in housing costs, and will ensure that absorption, or out-of-pocket costs, are the same for each grade anywhere in the United States. One of the main strengths of this proposal is that it will directly address current shortfalls, particularly in junior enlisted, singles, and high-cost area housing allowances. The new system's bedrock is equity.

Navy Answer. Combining BAQ and VHA into a single housing allowance will enable us to target the housing allowance more appropriately and for the first time tie the allowance to a national index of housing costs. Currently, BAQ is indexed by wage costs, not housing costs. VHA is based on survey data as reported by members, reflecting what they can afford to spend on housing rather than what might be appropriate. As a result, neither BAQ nor VHA have been able to consistently keep up with the growth in housing costs. In addition, the current system has unfairly disadvantaged those in high cost of living locals while favoring those in low cost of living locals. Under the single housing allowance system, we will be able to more equitably distribute funding from low cost of living locals and pay grades to appropriate high cost of living locals and pay grades that need increased allowances.

Marine Corps Answer. The current system of VHA/BAQ is not equitable for all Service members. Many Marines pay more than 20 percent in out-of-pocket expenses because they are located in high cost of living areas. The intent of housing reform is to correct the current disparity and realign money from low cost areas to high cost areas so all service members, regardless of their location, have the same out-of-pocket expenses.

Air Force Answer. The objective of a housing allowance is to provide members allowances that are sufficient to allow the members to obtain housing appropriate for their pay grade and dependency status. Combining BAQ and VHA and establishing a single housing allowance is more equitable and efficient and removes the inefficiencies of our present system. Under our current expenditure-based housing system (member survey), rate-setting is internal. Housing allowances could remain artificially low or high in an area because members may adjust their housing consumption according to the established housing allowance rate and not upon the actual housing market costs.

Under the housing allowance reform, housing allowances will actually be linked to growth in housing costs, locally and nationally. Implementation of the reform contains a ``save pay'' provision so that no one will lose dollars out of their paychecks. The reform will eliminate VHA offset, survey, and certification.

Personnel Promotions

Question. To what extent has the issue of promotions, or lack thereof, been an issue among enlisted personnel in each of your services?

Army Answer. Enlisted promotion opportunities increased in fiscal year 1997 to the highest level since 1990 due to the Army achieving a post drawdown steady state. Increased promotions improved soldiers' morale by recognizing and rewarding soldiers for demonstrated promotion potential.

Navy Answer. Navy plans continued force shaping through fiscal year

1999; although much of our drawdown has been completed, we are still reducing the size of our enlisted force. Promotion opportunities continue to be a strong concern for our Sailors. Results from our voluntary Retention/Separation Questionnaire, given to Sailors who are reenlisting, extending, or separating, identify promotion and advancement opportunity as one of the top six reasons (of 45 factors) for leaving or thinking of leaving the Navy in every year since the current version of the questionnaire began in fiscal year 1990, before the drawdown. However, concern about promotion and advancement opportunity has been stronger in the last three years; for fiscal year 1994 this reason ranked first, for fiscal year 1995 and 1996 it ranked second.

Marine Corps Answer. The issue of promotions has always been a concern of Marines. The amount of time in service for promotion is the primary focus of attention for most Marines. Additionally, they are also concerned with the selection rate (promotion opportunity) within their Military Occupational Speciality. We continue to apply, and adjust when necessary, the various policies within our promotion process that are designed to increase promotion opportunity and decrease promotion timing so all of our Marines can realize their greatest personal and professional potential. These policies are contained within our Enlisted Career Force Controls Program.

Air Force Answer. Promotions have not been a major issue for our Air Force enlisted personal during the drawdown. We worked to maintain Air Force minimum promotion opportunity goals for all grades. Promotion rate to each of our noncommissioned officer grades stayed reasonably stable based on these goals. At this time, promotion rates are projected to increase for all grades in the upcoming promotion cycles.

Question. Now that the large drawdown of the force structure has basically been completed, are promotions of enlisted personnel occuring in a normal time frame?

Army Answer. Yes, the promotion point for enlisted soldiers in fiscal year 1997 has returned to the pre-drawdown level. The increase in promotions following the end of drawdown has reduced the waiting time on promotion lists for enlisted soldiers at all ranks.

Navy Answer. E4s' average time to advance has remained fairly normal. E5/E6 continue to show the most stagnation due to the large cohorts in the 15-19 years of service cells. E7 to E9 have started to show some improvement. Overall, we expect average time to advance to remain consistent or improve over the next few cycles.

Marine Corps Answer. Prior to the drawdown, in 1985, a USMC target was established for time in service to promotion at each grade. This target was the actual average time required for promotion in 1985. Since the drawdown, more time has been required than the target for promotions. Promotions in the Marine Corps are based on the actual vacancy to the next grade by skill. Currently, several efforts are underway to reach the established promotion targets. These efforts are part of the Enlisted Career Force Controls (ECFC) program. The following are specific aspects of the program which influence promotions:

1. Grade Shaping. Restructuring of skills by grade to meet promotion targets.

2. Variable Selection Opportunity. Increasing the number of Marines considered for promotion for slow promoting skills and decreasing the number considered for fast promoting skills.

3. First Term Alignment Plan (FTAP). Authorizing the appropriate number of Marines who are allowed to move into the career force.

4. Service Limits. Separating Marines after they have been considered, but not selected, for promotion.

Air Force Answer. Promotion timing for all grades with the exception of Technical Sergeant (TSgt) remained within Air Force optimum time frames. Optimum promotion timing to TSgt is 10 years time-in-service. TSgt timing is currently 13.63 years time-in-service. We are working toward reducing TSgt promotion timing but, that will be a gradual process. Our promotion rates over the next several years are projected to increase causing the time it takes for promotion to decrease.

Quality of Recruits

Question. Have you seen any evidence that the quality of recruits is declining?

Army Answer. There has been no decline in our quality marks as measured by the Armed Forces Qualification Test (AFQT). Through the end of March 1997, the content of our Test Score Category (TSC) I-IIIA soldiers (those in the Delayed Entry Program (DEP) plus those already accessed for this fiscal year) equaled 69 percent against a goal of at least 67 percent. Additionally, two percent of the DEP plus our non-prior service accessions are TSC IV soldiers, against our goal of not more than two percent. (Note: All recruits must meet mental, moral, and physical standards before they are qualified to enlist in the Army.)

We have adjusted the High School Diploma Graduate (HSDG) recruiting indicator from 95 percent to 90 percent. However, the 10 percent not holding a High School Diploma are required to hold an alternative High School Graduation credential (e.g., GED, Home Study Diploma, High School Certificate of Attendance, etc.) and score in TSCI-IIIA on the AFQT. HSDG accessions, including DEP, are currently at 91.3 percent.

We will achieve both sets of goals--HSDG and AFQT scores--in fiscal year 1997.

Navy Answer. Navy is currently exceeding its goal for Test Score Category (TSC) I-IIIA quality. The target for fiscal year 1997 is 65%. Navy has accessed 68.4% TSC I-IIIA through the end of February 1997. Accessions plus that which is in the Delayed Entry Program of fiscal year 1997 is 67%.

The High School Diploma Graduate (HSDG) target for fiscal year 1997 is 95%. Currently (through February 28), 92% of fiscal year 1997 Navy accessions have been HSDGs. The accessions plus what is in the Delayed Entry Program for fiscal year 1997 is 95.3%. Navy typically brings in a lower percentage of HSDGs in the fall and winter months and moves toward 100% during the spring and summer months. This seasonal pattern has been observed over the past several years. Navy has achieved 95% HSDGs since fiscal year 1994.

In the sense that ``quality'' is used to describe recruit accessions is limited to education and test scores, I am not concerned about current Navy ``quality.'' However, in the broader sense that quality indicates potential, character and personal value systems, I am certain that Navy's challenge is greater than at any other time. Todays youth is exposed to more skepticism and irreverence toward authority, established values and traditional mores than ever before. The media exposure to the eccentric, cultish and even the bizarre is frequently not offset by caring parents. Additionally, an alarming number of recruits report traumatic experiences in their youth including rape, sexual molestation, abuse and neglect.

Marine Corps Answer. The quality of our applicants is not declining

due to the hard work and effort by the individual recruiter. The quality of applicants available within the 17 to 21 year old market has declined over the years, however, it has leveled off and has slowly begun to grow. It is more difficult to find morally and physically qualified applicants within the remaining quality market.

The ultimate objective of the recruiting effort is the perpetuation of the Marine Corps and the standards of preparedness and military vigor that Marines have upheld since 1775. The making of Marines is among our most important responsibilities to the American people. We take America's young men and women and imbue in them our ethos, our core values, and the skills necessary to win on the chaotic battlefield of the 21st Century--We transform them into Marines. It begins with the recruiter and our applicants' first exposure to the Marine Corps Story.

As stated above, the overall applicant pool is shrinking as the 17-21 year old age market slowly declines into the next century. Decline is due to a number of competing factors; increased interests in college/vocational school, industry and businesses now recruiting in our high schools; applicant perceptions that they can rely on parents for continuing support, and the belief that they can obtain the same benefits as provided by the military through other means with less personal risk or cost.

Quality indicators, as defined by Department of Defense (DOD) (mental group and educational categories), would indicate applicants seeking opportunities in the Marine Corps is excellent. We are convinced that we will make all of the DOD accession quality goals assigned. In the category of education qualifications, the Marine Corps has further raised the bar of Tier I accessions (high school graduates, adult high school graduates, prior service applicants with 3 or more years w/GED, and college/post secondary student with 15 semester hours/ 22 quarter hours of college) to 95% vice the DOD goal of 90%. This decision is supported by previous Center for Naval Analyses studies that have found by far, the strongest indicator of success was the high school diploma graduate.

The increases in accession quality have produced many benefits for the Marine Corps, the major one has been the reduced overall Marine Corps first-term attrition

Air Force Answer. Yes. In previous years we've met our quality targets for the percentage of enlistees scoring in the top half (83% in Category I-IIIa) of the Armed Forces Qualification Test. However, based on the current year to date information about scores for recruits, there is currently a decline in that percentage. The caution lights are on and we are continuing to monitor the scores of our new recruits as the year progresses.

Question. What about the physical condition of new recruits? Have you noticed any decline in recent years?

Army Answer. Yes, they are in a significantly lower state of physical conditioning upon arrival at the training installation. The trends indicate recruits are heavier (about 30-50 pounds above accession standards) and slower runners. For example, approximately 15 percent of females and 5 percent of males arriving at Basic Training/ One Station Unit Training units this year cannot complete the required numbers of pushups (1 for females, 12 for males) to begin training. These statistics are an increase over the past two years. The impact of recruits arriving in less that desirable physical condition is an increase in the number of injuries for strain of lower extremities because of the dramatic lifestyle change. However, once in physical fitness programs, the recruits are doing well in adjusting to the

rigors of physical training. Due to careful training and encouragement from drill sergeants and cadre leadership, the recruits acquire a positive ``Can Do'' spirit and improve in their physical conditioning. At Fort Jackson, the statistical data shows that less than one percent of recruits have been discharged in both fiscal years 1995 and 1996 for failing the final Army Physical Fitness Test prior to graduation from Basic Training.

Navy Answer. Yes, through my contact with the recruit training command I am concerned that many of today's youth are very unfit. In contrast, they also often indicate a desire to have their personal discipline reinforced and attain a better level of fitness.

MEPS data from physicals administered at the time of processing, comparing fiscal year 1994 to fiscal year 1995 reflects an 8.5% increase of both applicants permanently medically disqualified for enlistment. From fiscal year 1995 to fiscal year 1996 there was only a .3% increase of those applicants not qualified.

This does not include applicants not in good physical shape in terms of sit-ups, push-ups, running and swimming. Navy's minimum fitness standards are not difficult, but many young Sailors are unable to meet them without remedial efforts.

Marine Corps Answer. The physical fitness of our 17 to 21 year old market appears to have declined with fewer youth participating in physical activities either at school or recreational. However, the physical condition of new recruits has improved over the years for several reasons. First, the inception of a strong pool program and the addition of a poolee handbook has helped better prepare our recruits mentally and physically for recruit training. Second, emphasis on the Initial Strength Test (IST) in the Delayed Entry Program has helped reduce the number of individuals that attrite due to IST/PFT failures while at recruit training.

Air Force Answer. We have perceived no decline in recent years, but two things make it difficult to measure directly:

First, Air Force Basic Military Training's physical conditioning program was totally redesigned in 1994. Before that time all trainees ran in BDUs and combat boots as a flight formation (about 55-60 trainees) with the pace obviously set by the ``slowest'' trainee. Today we run and exercise in a physical conditioning uniform (shorts/t-shirts or sweat pants/sweat shirts) with good running/athletic shoes. They also run farther than before--an average of 60-80 miles in six weeks as opposed to 20 miles--and resistance bands, push-ups, chin-ups, and sit-ups to increase muscular endurance.

Second, while discharges for failure to meet physical conditioning standards have occurred, we may have categorized them a number of different ways--failure to perform, medical problems, or prior existing physical/medical condition.

What we do know is that those graduating from BMT have met or exceeded BMTs standards of fitness. To graduate from BMT, airmen must pass a timed run, sit-up, and push-up standard. Therefore, all BMT graduates must meet or exceed the level of physical performance that brings them to a set of sustained aerobic and muscular endurance standard. This standard was developed in conjunction with Air Force medical professionals.

Question. How concerned are you about the recent increase in recruits who don't have high school diplomas?

Army Answer. The Army goal is to enlist 100 percent of its non-prior service accessions as high school graduates, with 90 percent being traditional high school diploma graduates (HSDG). Ninety percent

is also the Department of Defense (DoD) standard. We are not as concerned with the recent increase to allow more non-traditional high school graduates to enlist in the Army as we are in failing to meet the Army's end strength requirement.

First, those individuals without a regular high school diploma must still have a high school equivalent credential, whether it be a GED, a High School Certificate of Attendance, a Home Study Diploma, a Correspondence School Diploma, or an Occupational Program Certificate of Attendance.

Second, they must score in the upper mental test score categories (TSC) on the Armed Forces Qualification Test (AFQT). We feel this is a primary determinant of the ``quality'' of a recruit. We will continue to meet our goal of achieving at least 67 percent for our non-prior service accession in the top mental categories (TSCI-IIIA).

We took this step to allow more non-traditional high school diploma graduates to enlist, in part because of their higher accession mission. During the drawdown, the content of HSDG's was artificially high, representing the Army's ability to be more selective when accession missions were abnormally low. In order to meet the fiscal year 1997 accession mission of 89,700, a 22 percent increase from the previous year, we needed to expand the pool of young men and women eligible to join the service.

We feel we can open enlistments to these young men and women who have completed their high school equivalency requirement without a reduction in the quality of the force. This is a step we must take to achieve our accession mission and meet the end strength requirements of the Army. I also must note that returning to 90 percent of HSDG still gives us a force comparable to the one recruited prior to Desert Storm, a force which showed its quality on the battlefield.

Navy Answer. There has not been an increase in the Navy. Chief, Naval Recruiting Command (CNRC) restricts accessions of non-High School Diploma graduates to 5%. CNRC projects completing fiscal year 1997 with over 95% of accessions having high school diplomas which it has done since fiscal year 1994. I have been steadfastly opposed to compromising this restriction. Incidently, the 5% non-high school graduates are all upper test score category with no other criteria.

Marine Corps Answer. There is absolutely no cause for concern. The apparent decline in high school graduates (HSG) is only a perceived decline. The percentage of HSG shipped is always low during the first half of the fiscal year, and rebounds after the seniors graduate. At the end of February in FY95 HSG shipping was at 94.5%, and at the same time in FY96 HSG shipping was at 95.4%; however, Total Force HSG shipping for FY95 and FY96 was 96.0% and 96.2% respectively. HSG shipping at the end of February this fiscal year was 94.9%, which is consistent with previous years. There is no reason to believe that HSG shipping will not continue on the same trend as previous years and be well above 95% by year's end.

To meet the technical challenges of today's Marine Corps and build the Corps of the 21st Century, we must continue to recruit youths who have graduated from a traditional high school. Through continuous analysis of attrition data, we have found that it is with these recruits that the Marine Corps experiences its greatest success. As such, we do not intend to lower our present shipping goal of 95% HSG to accommodate prospects with non-traditional educational experiences.

Air Force Answer. The Air Force has not experienced an increase in recruits who don't have high school diplomas. Our policy is 99% of all enlistees must have DoD Tier I education credentials (a traditional or

adult high school diploma or at least one semester of college). We are meeting this standard and have no plans to reduce it.

Question. Are the recruits of recent years as ``mentally tough'' and disciplined as those in past years?

Army Answer. No. The recruits are not as mentally tough and disciplined as those in past years. Some Basic Training/One Station Unit Training (BCT/OSUT) installations report a slight increase in the number of recruits that decide to quit. According to the BCT/OSUT leadership, many now come from broken homes and have trouble dealing with authority. More recruits today than in the past are married and have children. Even though they have made arrangements to have their children cared for by legal guardians, they are having trouble dealing with the separation and the demands of Initial Entry Training.

Navy Answer. Navy recruiters are able to test new recruits through the Armed Services Vocational Aptitude Battery and to confirm completion of High School. Currently, there is no way to ``test'' for discipline or ``mental toughness'' at the recruiter level. Time in the Delayed Entry Program allows the recruit to learn more about what is expected of him or her at the Recruit Training Command and in the Navy, thus preparing him or her for the challenge.

In my opinion, the answer is decidedly no. I believe a growing number of today's youth are unwilling or unable to respond to the pressures of a structured environmental and are totally unacquainted with the concept of ``delayed gratification.'' Recruit Division Commanders, ``A'' school instructors and leading petty officers in fleet units all spend a growing amount of precious time dealing with personal difficulties.

Marine Crops Answer. The applicant's of today are mentally more intelligent by every quality indicator and expert opinion. The ``mentally tough'' question is subjective at best and is very difficult to quantify. Applicants in the more recent years have had to rely on having little or no adult supervision during their upbringing and in a lot of cases, the Marine Corps is the first time that the rules and a disciplined lifestyle are encountered. ``Transformation'' plays a big role in providing the poolee, recruit, and new Marine the skills and knowledge to be mentally tough, cope with military life, and survive on the chaotic battlefield of tomorrow.

Air Force Answer: The best indicator of discipline or toughness is the number of trainees discharged for failure to perform--being unable to meet the rigor of basic training. Performance discharges from Air Force Basic Military Training have averaged .87% over the last six years (FY91--1.3%; FY92--0.5%; FY93--0.7%; FY94--.7%; FY95--0.6% and FY96--.09%). Performance discharges from BMT aren't a problem for the Air Force.

Question. Is there any evidence that recruits with ``emotional baggage'' have personal problems which are more serious than in past years?

Army Answer. Yes. According to the commanders of the Basic Training/One Unit Station Training brigades, some females and males have been abused and neglected prior to entering the service. Others are single parents with children. These families are left at home, or other arrangements are made to take care of them during the Initial Entry Training period. It appears to the leadership at basic training installations that the recruits are a direct reflection of today's society. The cadre are aware of the changing times and are constantly taking measures to insure all recruits have the opportunity to excel.

Navy Answer. In my opinion, yes. Recruit Training Command reports

that the results of an anonymous personal survey are increasingly disturbing. Many recruits report being abused, molested or neglected as children. An alarming percentage has used alcohol regularly and many have experimented with illegal drugs. CNRC has not observed any increase in the number of serious personal problems; however, it has few vehicles available by which to measure this stress-related characteristic. Although, CNRC has not observed a significant increase in the percentage of waivers required for enlistment.

Marine Corps Answer. While it is difficult to ascertain whether recruits are hampered with emotional problems more serious than in past years, we are concerned about the challenges of modern society on our applicants. Divorce rates, drug use, crime and other negative aspects of society influence each generation. Our ``Transformation'' instills the core values of the Marine Corps into each recruit and develops their self confidence as Marines. This process provides the recruits with a foundation regardless of their past experiences.

Air Force Answer. If we define ``emotional baggage'' in terms of mental health discharges from Basic Military Training, there has been a modest increase. Such discharges went from .4% in fiscal year 1994 to .7% in fiscal year 1995 and fiscal year 1996. Despite the variations in the last couple of years, we don't believe there is a problem.

Question. It is a common practice to seal the files of juvenile delinquents and recruiters do not have access to those files. Are you concerned that some individuals which have committed serious crimes as juveniles will get into the service?

Army Answer. Under current procedures, we are required to complete a recruiter-initiated police records check on any applicant who discloses or whom the recruiter has reason to suspect might have a criminal record. We require that all offenses be listed on the application for enlistment, regardless of whether or not the offense was dropped, dismissed, sealed, expunged, or, otherwise, disposed of under local or state law.

The recruiter is limited in the verification or discovery of information for various reasons. Most states, counties, and cities have policies that state that they will not release information to recruiters or other ``employers.'' Some require fees or additional documents that we cannot provide. Regardless of the age, offense or disposition, all offenses committed by the applicant are taken into consideration when reviewing the application for enlistment. We further check records through the Entrance National Agency Check. This system uses the resources of the Defense Investigative Service (DIS) to obtain criminal and other type information from national agencies such as the Federal Bureau of Investigation, the Immigration and Naturalization Service, and various military criminal and law enforcement agencies. The background checks frequently reveal information concealed by the applicant.

While every effort in the interview process is made to have each applicant reveal his or her past criminal involvement to include traffic offenses, and the questions concerning this issue are asked over seven times in the process, we still have applicants who conceal serious crimes. Some applicants state that the reason they concealed the information is that a judge or lawyer told them that they did not have to reveal a charge that was expunged or sealed. We have clear and concise questions which include these terms.

We are obviously concerned about concealment of arrest information. We have had cases where the concealed offense was so serious that we have discharged the individual before committing resources beyond that

of the initial processing. A requirement for all local, city, county, and state police agencies to provide routine police records checks will increase our ability to detect as early in the process as possible any person who would, otherwise, fraudulently attempt enlistment.

Additionally, we are looking at different processing methods to have the DIS complete background checks on each soldier prior to being released from the training base. This should eliminate any soldier with concealed offenses before they are sent to their first unit.

Navy Answer. Recent studies by Center for Naval Analyses and CNRC indicate that 5% or less of enlistees withhold criminal history information from their recruiters. However, Navy, like the other Services, would like to ensure that we have complete information on pre-service arrests for 100% of our enlistees. Navy, therefore, fully supports the proposed amendment to 10 U.S.C. 720(a), contained in the fiscal year 1998 DOD Omnibus submission, which would require states to provide to DOD juvenile and adult information required for recruiting purposes.

Marine Corp Answer. The vast majority of jurisdictions seal and do not release juvenile arrest information. Additionally, it is a common practice, in many courts, to tell the juvenile that the records are sealed and will be expunged. The juvenile is then told they do not have to reveal this arrest or conviction to anyone. Therefore, some applicants will not initially disclose the arrest information to the recruiter, NCOIC, RS operations officer or MEPS liaison. Our screening procedures specifically address juvenile arrests, to include sealed records. The intent is to have the applicant disclose any and all arrests. The majority of applicants will disclose juvenile arrests, however, some will not and will gain entrance into the Marine Corps. Some of those who do not disclose the arrest would still be granted a waiver and others would be denied enlistment. Our screening procedures are intense and thorough. Only a few gain entrance who should have been denied. Any initiatives that would insure release of all police records, to include juvenile records, would assist the recruiter in providing the services with a better quality recruit and help reduce first term non-EAS attrition.

Air Force Answer. No. Our recruitment and enlistment methods include thorough questioning to prevent enlistment of individuals which have committed serious crimes as juveniles. Individuals are questioned regarding juvenile crimes by a recruiter during initial interview and again during a job classification interview. Prior to enlistment, individuals are also questioned as part of a security interview completed by Military Entrance Processing Station officials. Finally, new enlistees are questioned regarding juvenile crimes during security and classification screening in Basic Military Training. While it is possible for individuals to withhold information regarding serious crimes as juveniles, this has not been a problem for the Air Force.

Recruiting Challenges

Question. In April 1996, DoD reported to Congress on enlistment propensity and youth attitudes toward the military. This report explores potential causes of the decline of youths to consider entering the military service. Some of the drawbacks cited were: (1) that school youths view the military as an ``uninviting environment'' that includes a loss of independence and identity; (2) the perceived long enlistment commitment; (3) the potential danger of military service; and (4) their interest for a good education and financial security. What is the major

obstacle you find that young men and women have toward joining the military?

Army Answer. The number one barrier reported by the Youth Attitude and Tracking Study is a ``dislike of military lifestyle.'' Young men and women have a wide variety of secondary reasons, to include: too long a commitment; other career plans; a potential threat to their life; and it is against their beliefs. These barriers are similar for both men and women.

Navy Answer. The 1996 Youth Attitude Tracking Study (YATS) asked about 3500 young men and women ``What is the main reason you would not consider enlisting in the military service?''

The top reasons were:

don't like military lifestyle (22%)
family obligations (12%)
commitment too long (11%)
possible threat to life that comes with military service (11%)
other career interests (10%)

Although a quarter of those negatively propensed toward joining the service would not consider joining because they have negative perceptions of the military lifestyle, 14% of those positively propensed toward joining the military were most concerned about possible threats to life.

Young females ranked the top five reasons in the same order as that of the combined male and female group, young males ranked the top five as follows:

don't like military lifestyle
other career interests
commitment too long
possible threat to life that comes with military service family obligations

Marine Corps Answer. Research indicates our target market understands the requirement for a strong military, up from last year. However, relevancy and the loss of personal freedom continue to be the two major obstacles to enlistment.

Relevancy deals with the undefined role of the military in today's new world order. With the collapse of the Soviet Union and the Warsaw Pact, the youth of today perceive no major threat to the United States. Why should they enlist to service and possibly die in Haiti, Bosnia, or Somalia? These countries pose no threat to America. The sense of loss of personal freedom compounds the relevancy issue.

As the pool of veterans continues to shrink in this country, more and more of our youth have less contact with someone who has served in the Armed Forces. The impression/information about the military become second and third hand, or what they see in movies or on television. Our target market believes that a 4 year enlistment in the Marine Corps is 48 months of recruit training with no time off, that they must be in uniform 24 hours a day, and they will have no opportunity to attend or further their education. In short, a completely controlled environment.

It is to this end that the Marine Corps Recruiting Command produced a film entitled ``LIFE IN THE CORPS''. This film dispels the many myths and misconceptions about military life after recruit training. This film has become a key asset for our recruiters in their sales presentation with prospective applicants and their parents.

Finally, the last obstacle among our market is that they no longer see a military career as a long term opportunity. Downsizing, base closures, erosion of benefits, and continued news coverage of another

top to bottom review of the Armed Forces send a negative signal to our target market. They view the career potential the services were known for during the 50's, 60's, 70's and 80's as no longer valid and that higher education is the only way to insure a secure future.

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Air Force Answer. Our research indicates the major obstacles keeping young men and women from joining the military are a perceived loss of personal freedom and resistance to a life-style of conformity and commitment. Responses from focus group interviews reveal a significant portion of today's youth view a 4-year commitment as excessively long and equivalent to a ``jail term.'' They desire the freedom to leave the military at any time if the life-style is not to their liking. In addition, they find the prospect of regulated behavior and ``taking orders'' to be extremely unappealing. For these reasons, many think of the military as a ``last resort,'' to be considered only after all other options have been exhausted.

Question. Gentlemen, do your recruiters find that more and more youths are skeptical of the advertising efforts by the military services? That is, are your advertising efforts real and credible to the high school age groups?

Army Answer. Target age youth are skeptical of all advertising, but not more so of the Army's than any others'. Many of the youth we interview have absolutely no interest in the Army and would not join for any reason. Since only a small portion of the target audience has a positive propensity to enlist, we should expect only a small portion to really like our commercials. The question of believability is asked in focus group research conducted by the Army. Recent verbatim comments include:

``It is probably a lot harder than they make it seem, but they can't show the whole thing in 30 seconds.'' (``Basic Training'' commercial)

``It shows the reasons why to go into the Army. A commercial is not supposed to show the down side of things. It is supposed to make you want the service or product.'' (``Paratrooper'' commercial)

``In commercials, you are supposed to show the good sides not the downfalls. There are other Army commercials that show obstacle courses and training stuff.'' (``Paratrooper'' commercial)

``The pictures look realistic. It looks like they're doing what people actually do in the Army.'' (``Direct Mail'' copy testing)

Some comments are more critical such as:

``I still think they should show more about other training, other than tanks and typical Army stuff.'' (``Tanker'' print ad copy testing)

``It bothers me that it doesn't show all the hard work and the bad stuff like boot camp.'' (``Paratrooper'' commercial)

In response to these comments and others, the Army made a basic training commercial and, in 1997, is making a non-combat arms commercial. The new U.S. Army Reserve commercials feature engineers and medical personnel.

It must also be remembered that we are a ground combat-based force required to recruit large numbers to fill those critical jobs. Heavy

advertising about limited availability jobs invites criticism over ``bait and switch'' advertising. Army advertising shows Army soldiers doing their jobs in a detailed, realistic, yet positive, environment.

Navy Answer. Today's information generation is more savvy with respect to advertising. They understand the strategies and tactics which advertisers employ and their respect for the product or service is based on past experience. Seventy-seven percent of the men and women who join the Navy were aware and have been influenced by our advertising.

Navy has tested its advertising message extensively among the youth target with very positive results. In a recent diagnostic analysis of ``Let the Journey Begin'' and Direct Response Television (DRTV), respondents felt the commercials were appealing, clear and believable. Less than 10% overall expressed any significant negative reactions. In testing the new message ``Let the Journey Begin,'' 86% of high school-age respondents liked the commercial. After viewing the DRTV commercial, 71% of the respondents felt positively about the Navy.

Marine Corps Answer. Marine Corps advertising is extremely well received among our market. Marine Corps advertising is designed to capture attention and to create awareness among our market. We use symbolism and metaphors to show the ``TRANSFORMATION'' an individual undergoes to become a Marine. Our advertising promises no short cuts; we make it clear that we are looking for young men and women who want to belong to an elite, proud, tough and smart organization where courage, honor and commitment to our Corps comes before job opportunities or money for college education. We sell being a Marine first and foremost! Job opportunities and money for college are fringe benefits of being a Marine.

Our Advertising clearly states that we are a combat organization and that as a Marine you may be called upon to go in harm's way. Our market can quickly see through phony advertising. They have grown up being bombarded by electronic advertising. They know the real thing when they see it or hear it. They understand our message and they like it above all other service and civilian advertising.

In April 1996, DoD reported to Congress on enlistment propensity and youth attitudes toward the military. This report explores potential causes of the decline of youths to consider entering the military service. Some of the drawbacks cited were: (1) that school youths view the military as an ``uninviting environment'' that includes a loss of independence and identity; (2) the perceived long enlistment commitment; (3) the potential danger of military service; and (4) their interest for a good education and financial security.

Air Force Answer. Based on the results of our annual Basic Military Training Survey, we believe our advertising efforts are real and credible to the high school age groups. For the past six years, an average of 92% of those who reported seeing Air Force advertising said it was believable. Approximately 75% of the trainees reported seeing Air Force advertising prior to enlisting.

Advertising industry research indicates 18-24-year-old young people are not hostile toward advertising; however, they know the purpose of advertising and salesmen is to sell them a product. They want advertising to show how a product fits into their lifestyle. This group of young people prefers interaction, involvement, immediate access to information, options, control, and empowerment. This is the approach Air Force advertising has attempted to take with its program and specifically with the addition of the Air Force Recruiting Squadron Web site.

Question. How do your recruiters argue against the perception that the drawbacks of military service outweigh the benefits?

Army Answer. First, most recruiters do not feel the need to argue against the perception; they take the time to educate individuals on the benefits. However, perceived drawbacks or objections are handled one at a time and on an individual level during the initial sales interview and at any other time during the enlistment process. First, we find the reason behind what the individual feels is the drawback through questioning. Then, we take the time to answer their objection, stressing Army programs and the benefits this applicant will receive from those particular programs.

Navy Answer. Our recruiters primarily sell the aspects of advancement opportunities, steady paycheck, free medical care, travel and on-the-job training. They demonstrate that the military can ``broaden their horizons'' and help them mature so they can more effectively utilize the G.I. Bill upon completion of their enlistment. They use a ``stepping stone'' approach to a better life.

Marine Corps Answer. Recruiters receive training in Professional Selling Skills (PSS) developed by Learning International, a civilian professional sales management and training organization. Dealing with drawbacks is an everyday challenge for a recruiter. The focus with PSS is to understand customer goals and needs. When encountering a drawback, the recruiter must probe to get an understanding of the concern and then refocus on the bigger picture. The recruiter can then counter with previously accepted benefits and check for acceptance from applicants prior to moving forward with the sales process.

With the training that a Marine recruiter receives in PSS, they can handle almost every drawback that is surfaced during a sales presentation. Recruiters know that not every applicant will be satisfied with certain benefits that are introduced to them, so they must continue to support with other benefits that will be accepted.

Air Force Answer. Our recruiters overcome perceptions by identifying them as objections to entering the Air Force. We typically find potential applicants object to the military because they don't understand it. They base their judgment on hearsay and incomplete data. Our recruiters are trained to identify an applicant's specific objections and then provide accurate information to allow the individual to make an informed decision.

Question. How would you describe a recruiter's quality of life? For instance, what is an average work week for one of your recruiters like? How many hours per month does he/she devote to the recruiting mission?

Army Answer. A recruiter works a 60-plus hour work week, has limited or no access to traditional military installation support, is trying to recruit in a high employment economy with a low propensity to enlist rate, and faces competition from businesses, higher educational institutions, and sister services. These all make a recruiter's quality of life arguably the most difficult of any soldier, and his or her family, in today's Army.

U.S. Army Recruiting Command recently completed a Unit Risk Inventory survey that was designed to identify high risk behaviors (drugs, alcohol, suicide, et al.) but also included questions on recruiter satisfaction. In a survey of about 6,100 recruiters, the results provided some indicators of high stress levels and dissatisfaction but did not identify the source or cause of the stress. Our analysis of serious incidents and incident reports shows a rise in the number of preventable Government Owned Vehicles accidents, domestic violence, and hospitalization for stress-related illnesses.

To improve the recruiter's quality of life, we need to give the field force a competitive edge with both the recruiting incentives that satisfy our prospects' needs and desires and the associated advertising that generates the interest in our Army. We also need to provide our soldiers, civilians and families involved in recruiting with the same adequate, affordable level of support (health care, housing, child care, and other associated benefits) they could expect from any military installation.

We have already taken some steps to give the recruiter a competitive edge by increasing the amount of recruiting incentives like enlistment bonuses, the Army College Fund, and the Loan Repayment Program. However, increases beyond these levels will require amending current law to keep pace with competitive factors like the growing economy and rising college costs in order to attract young men and women to fill our critical skills.

Our recruiters and their families endure expenses for housing, medical care and child care above the normal compensation. Both the Army and the Department of Defense will continue to work these issues through the Joint Quality of Life Committee. However, even for successful recruiters, the demanding nature of recruiting duty, combined with the inequities they experience compared with life on a traditional military installation, can result in a poorer quality of life than they deserve.

We estimate that a recruiter averages between 200 and 240 hours per month related to his or her recruiting mission. This includes early morning trips to process their applicants for enlistment to late hours at night talking to parents after their work day and evening meal are finished. Recruiters' daily schedules are dictated by their prospects and applicants schedules, unlike the more regimented schedule they became accustomed to in their previous units. As can be expected, this also puts a strain on a recruiter's and his or her family's quality of life. U.S. Army Recruiting Command requires that each recruiter be allowed a minimum of two half-days per month to spend away from recruiting duties for personal and family activities.

Navy Answer. Many recruiters work 9-12 hour days, 50-60 hours per week, 240-300 hours per month. Many of the junior personnel find the cost of living in high-cost civilian areas to be a burden especially when coupled with marginal medical care/benefits (many rural areas offer no doctors who accept CHAMPUS and TRICARE).

However, when recruiters are successful at their mission their quality of life increases. Job-related quality of life relates directly to their own personal performance.

Marine Corps Answer. Although recruiters' quality of life has improved, it still lags behind their needs. Many recruiters are assigned to areas without the military infrastructure designed to support the military member. There are several proposals pending in the areas of housing, child care, legal assistance and health/dental which, it enacted, would help address these issues.

We need to provide our independent duty service personnel with the same benefits afforded their peers at military bases and installations/.

The average work week averages 60-70 hours per week, and includes at a minimum 4-6 hours every Saturday. Many recruiters are required to pick up applicants on Sunday, placing them in MEPS billeting facilities to ship or contract on Monday. Recruiters normally start the day at 0800-0900 and finish at 2000-2100. The length of the day is directly related to prime time to contact potential applicants.

Marine recruiters are tasked not only with quality production and accessions, but for the mental and physical preparation of each poolee for recruit training. They are also responsible to start the ``Transformation'' process by beginning to instill our core values.

The majority of a recruiter's work day, week, month are spent in prospecting the available market.

Air Force Answer. Over the last three years, we have focused our attentions on improving the quality of life for all recruiters and their families through numerous initiatives. We added 80 new recruiter authorizations and moved 36 out of other recruiting areas to reduce the workload of our enlisted field recruiters. We authorized a First Sergeant in each recruiting squadron. These members have the responsibility of establishing contact with recruiters and their families, helping in identifying any special needs, and seeking the resources to meet those needs. Recruiting Service implemented a Risk Management Program to help senior leadership identify and manage recruiters that have personal or job-related problems. To ease the transition into recruiter duty we established a Recruiter Transition Program to help our recruiters transition into their new duties and responsibilities. The establishment of a CONUS COLA provided assistance in meeting the higher cost of living for recruiters assigned to duties in one of the 65 designated high cost areas and our implementation of a Leased Family Housing Program is providing affordable and adequate housing for over 100 members and their families. The recent increase in Special Duty Assignment Pay (SDAP) from $275 to $375 per month has served us well in attracting and retaining quality recruiters. We believe these efforts have improved our recruiters quality of life. We expect to receive the DoD recruiter survey results soon so we can evaluate our progress.

Our recruiters work 48 to 56 hours per week at the recruiting station. A typical month will usually include working at least two evenings a week and some Saturdays. Less successful recruiters may work longer hours. It is not uncommon for newly assigned recruiters to spend over 60 hours per week on the job, establishing themselves in their market.

Of course our recruiters, like all Air Force members are on the job 7 days a week, at all times of the day. It is not uncommon to find recruiters discussing Air Force opportunities with prospective applicants and parents after church, at PTA meetings, in the grocery store, or even during an outing with their family. Most recruiters never pass up an opportunity to promote the benefits of the Air Force.

Question. Do you have any recommendations or know of any equipment or funding shortfalls that could help improve the recruiter's quality of life or the success of his mission?

Army Answer. At the request of Congress, the Army has already submitted a list of unfunded requirements that include $121.5 million under the title of ``Maintaining End-Strength.'' Any additional funds would be targeted against the following recruiting programs: enlistment incentives (Loan Repayment, Enlistment Bonuses, and the Army College Fund); increased recruiter (Special Duty Assignment Pay and recruiter support); and enlisted advertising.

In the Joint automation arena, we are short $150 million for the Army portion of Joint Recruiting Information Support System (JRISS). Active Army, Reserve and National Guard recruiters have been waiting for this system since 1994. This system is vitally important. It will improve efficiency and reduce workload, thereby increasing quality of life.

We are also experiencing shortfalls in funding for the Leased Family Housing Program. One issue is that the current legislative maximum limit of $15,000 for an annual lease is insufficient in some high-cost areas, such as New York City. An increase in the maximum lease amount would give us more flexibility and ensure that good housing was obtained through the program.

Navy Answer. The most mentioned items that recruiters feel are critical to mission success are: Recruiting Aid Devices (information pamphlets), phone lines (voice, dedicated fax, dedicated Internet), GOVs and computers. These must be available to adequately penetrate their market.

Navy is preparing for tomorrow's recruiting ``marketplace'' by recruiting on the Internet, calling and tracking potential applicants by computer, down-loading leads from national tele-marketing centers, creating CD-ROM multi-media sales presentations and processing leads from local and national sources real-time.

Additionally, a fair cost of living allowance for those in high-cost areas and better medical treatment procedures are needed.

Marine Corps Answer. There are three unfunded areas in this budget which might contribute to a recruiter's quality of life or the success of his mission. In the Military Personnel Marine Corps (MPMC) account, we could execute $5.9 million in fiscal year 1998 for the College Fund. The College Fund is an attractive incentive to the prospective applicant to join the Marine Corps. In the Operation and Maintenance, Marine Corps (O&MMC) account, we would execute an additional $9.2 million in fiscal year 1998 for programs which would improve the recruiter's quality of life of the success of his mission. $4.4 million of the $9.2 million would fund improvements to advertising, and $4.8 million would fund computer upgrades necessary to ensure the Marine Corps remains competitive with the other services in the recruiting market.

Air Force Answer. We are monitoring refinements of medical care programs that may further improve our recruiter's quality of life. The establishment of TRICARE has simplified the process for recruiters' families for those locations where implemented; however, recruiters are still required to seek medical assistance at military treatment facilities (MTF). The Office of the Assistant Secretary of Defense for Health Affairs is now evaluating test data to determine the feasibility of extending TRICARE to military members geographically separated from a military installation. Making this a reality will be welcomed.

The DoD Recruiter Quality of Life committee is reviewing an initiative that would waive CHAMPUS deductible and co-payments, similar to the program for our people stationed overseas. We are eager to review this initiative.

Personnel Tempo

Question. The increase of unscheduled deployments in the past few years for domestic disasters, contingency operations, or Operations Other Than War (OOTW), clearly stresses military personnel and their families. What is the average time soldiers are on Temporary Duty, deployed, or are away from home for training and exercises?

Army Answer. During fiscal year 1996, soldiers who deployed on temporary duty, operational deployments, and training exercises (non-local) were away from their home stations for an average of 197 days. Some units and soldiers, by virtue of their missions and particular skills, are deployed more frequently than others. In addition, the

average combat arms soldier who was not deployed on a contingency operation spent approximately 140 to 170 days in combat training away from home overnight (local and Combat Training Center) to maintain readiness.

Navy Answer. Time away from home for our sailors is managed through the Navy's Personnel Tempo of Operations (PERSTEMPO) program. The program consists of three established guidelines:

a maximum deployment of six months (portal to portal)

a minimum Turn Around Ratio (TAR) of 2.0:1 between deployments (the ratio between the number of months a unit spends between deployments and the length of the last deployment, e.g., a nominal 12 months non-deployed following a 6 month deployment)

a minimum of 50% time a unit spends in homeport over a five-year period (three years back/two years forward)

The Navy sets 50% time in homeport as the goal for our units. However, these units periodically make cyclical forward deployments for up to six months. During the preparation and deployment period, they are not able to achieve the desired goal of 50% time at home. This is why we use the three year average. Units which have recently completed a deployment typically spend a greater percentage of their time at home, which balances the time spent away during deployment, and allows them to meet the 50% goal over the three year historical period.

Because the average assignment for our sailors is three to five years, all who complete their entire tours should receive the benefits of the program.

Marine Corps Answer. The Marine Corps tracks DEPTEMPO and uses the deployment of an infantry battalion for 10 days or more away from home base as the bellwether. The infantry battalion fiscal year 1996 DEPTEMPO was 34%. DEPTEMPO surged to 43% during a peak period for operations and training in fiscal year 1996. If infantry companies are used to track the average fiscal year 1996 DEPTEMPO, the adjusted figure would increase to 44%. Marine fixed wing aviation DEPTEMPO ranged from 38 to 58%; and rotor wing DEPTEMPO ranged from 38 to 41% for fiscal year 1996.

Air Force Answer. Air Force desired maximum PERSTEMPO rate is 120 days TDY per individual, per year. The average number of Air Force members deployed at any given time in fiscal year 1996 was 13,700. Less than 3% of Air Force people exceeded the desired maximum 120 TDY days. Air Force people averaged 44 days TDY away from home in fiscal year 1996.

Question. Explain how your Service manages Personnel Tempo so it does not have an adverse impact on individual unit readiness and training of your people?

Army Answer. Army Personnel Tempo (PERSTEMPO) is defined as Skill Tempo (SKILTEMPO) (number of days an individual soldier is away from home station) and Deployment Tempo (DEPTEMPO) (number of days a unit is away from home station). Currently, the Army does not track and does not have an established standard for PERSTEMPO. the Army Staff has determined that the current PERSTEMPO is running approximately 140-170 days depending on the unit type, mission and location. We are investigating options for reducing PERSTEMPO.

The Army has taken several steps to ensure quality of life and soldier morale, therefore, indirectly, readiness is not adversely impacted by excessive PERSTEMPO. In the area of SKILTEMPO, the Army currently records every day that a soldier is engaged in contingency

operations, major exercises, and domestic support missions. The Army has instituted an Assignment Restriction policy to assist soldiers when they return from extended Temporary Duty Assignments (TDY)--individual extended deployments) or Temporary Change of Stations (TCS--unit extended deployments). This policy directs that when a soldier has been deployed for 61-139 days, upon return he cannot be permanently moved, for at least four months; if a soldier has been deployed for 140 or more days, he cannot be moved on an unaccompanied short tour outside of the continental United States (OCONUS) for at least 12 months, or an accompanied long tour (CONUS or OCONUS) for at least six months.

In the area of DEPTEMPO, the Army continues to spread deployments across the force. Some units or soldiers with particular specialities, by virtue of their mission or skill, must deploy more frequently than others. However, surveys indicate that neither morale nor retention have been adversely impacted by PERSTEMPO.

Navy Answer. The Navy PERSTEMPO program (the three goals of which are previously explained), is the primary means by which the Navy manages the time our sailors spend away from home. As stated in the establishing directive, ``The program ad its goals are the culmination of a deliberate process to balance support of national objectives, with reasonable operating conditions for our naval personnel, while maintaining the professionalism associated with going to sea with a reasonable home life.'' The Chief of Naval Operations personally approves all exceptions to PERSTEMPO guidelines. This program has been carefully crafted to ensure a careful balance between the needs of the Navy to maintain training and unit readiness, and the needs of the individual sailor to enjoy a fulfilling family life. We have carefully studied the amount of training and preparation needed to maintain readiness and proficiency, and the time necessary falls well within the boundaries of the PERSTEMPO program goals, ensuring no adverse impact to either readiness or personnel.

Marine Corps Answer. The Marine Corps does not track PERSTEMPO. DEPTEMPO is used to track the time a unit (and its Marines) spends away from home base or station. DEPTEMPO is defined as,

``The percentage of time in a given annual period that a unit, or element of a unit, supports operations or training away from its home base or station for a period of 10 consecutive days or greater.''

The MARFOR commanders monitor and manage their units DEPTEMPO with QOL concerns at the forefront. The Marine Corps, through the MARFOR commanders, has successfully reduced active unit DEPTEMPO through the creative use of reserve forces in exercises and operations (Battle Griffin-96/Norway, Operations Sea Signal/Able Vigil--migrant ops) as well as the use of active units in non-traditional roles (artillery units as provisional rifle companies/battalions).

Most OOTW deployments supported by the Marine Corps since the beginning of the decade have not involved combat, but the new training requirements associated with these OOTW deployments have not reduced the readiness of personnel to accomplish wartime missions. While some OOTW specific training is conducted prior to and during deployments, this has not altered our readiness training programs. The primary training that Marines receive to ensure their readiness for deployment covers the full spectrum of conflict. This full spectrum training is directly applicable to the operational demands encountered in OOTW.

The Marine Corps is able to and will continue to maintain and sustain superior unit readiness in the face of high DEPTEMPO through our time-tested and effective rotational deployment scheme. This deployment scheme means that a minimum of two-thirds of the force are

at the highest state of readiness, with the remaining third able to quickly adopt a full readiness posture, if needed.

Air Force Answer. Careful management of deployment requirements against our available resources has helped control our PERSTEMPO. We have used three main methods to reduce the impact of PERSTEMPO. First, we have used global sourcing conferences which have helped transfer the load from one theater to another, e.g. PACAF F-15s in CENTCOM's AOR. Second, we have had greater volunteer contributions from our Reserve Components, e.g. 17.8% of the 14,000 Air Force people deployed today are from the RC. Third, we have challenged and reduced taskings to provide relief to stressed systems, e.g. reduced taskings on AWACS, ABCCC, Rivet Joint, and U-2s allowed them to recapture lost training and provide more mission-ready crews.

Question. The Committee remembers a few years ago when units or mission skills were being continually stressed with back-to-back deployments or for contingency operations. Are we still experiencing these problems in units, mission areas, or particular skills? If so, describe which areas.

Army Answer. We are no longer experiencing those problems. The Army units to which you refer were the Patriot Battalions. Their situation has been corrected by consolidation of units at Fort Bliss, thereby facilitating overseas rotation requirements, and by incorporating the Patriot Battalions into the Office of the Secretary of Defense managed Global Military Force Policy program. This program assesses for decision makers the impact of unit deployments beyond established guidelines. We also continue to monitor individual Military Occupational Specialties with the highest Skill Tempo and have identified Army Low Density/High Demand units, but as mentioned earlier, we are not experiencing problems in any of these areas or units.

Navy Answer. Navy units have not been subject to back-to-back deployments, and we are not experiencing problems in unit, mission areas or particular skills. Though some low density, high demand units, such as Reef Point and EA-6B units, are employed more often than others, they are covered by, and comply with, our PERSTEMPO program. Navy minimizes the PERSTEMPO of identified Low-Density, High-Demand assets through the use of rotational crews and rotation of units with similar Joint assets.

As previously noted, this program carefully tracks all units perstempo and specifically prevents units from exceeding six-month deployments or deploying again inside the 2.0 to 1 Turn-Around-Ratio. The Chief of Naval Operations personally approves any exception to either of these rules, with the number of exceptions required declining since Operations Desert Shield/Desert Storm. Additionally, the Chief of Naval Operations receives a quarterly report of the units that do not meet guidelines and that specifies the date when the unit will return to compliance. Because of the visibility of the PERSTEMPO program, the Navy is well aware of any trouble areas, and quickly moves to alleviate any problems.

We have a number of initiatives underway, including:

Utilization of Naval Reserve Forces to fulfill requirements.

Working in concert with Allied forces to meet international commitments.

Fleet reorganization, including the establishment of the Western Hemisphere Group.

Reorganization of carrier battle groups and cruise-

destroyers squadrons and readjustment of training and maintenance schedules.

Practical application of Navy assets to reduce the number of ships required to complete taskings in many instances.

These initiatives are already having a positive impact on our personnel, and we expect that trend to continue.

Marine Corps Answer. The Marine Corps does not measure PERSTEMPO at the individual or military occupational specialty (MOS) level. We do track the Deployment TEMPO (DEPTEMPO) of our operating forces. DEPTEMPO for some units will peak as contingency operations flair-up around the globe, but by an aggressive use of reserves and units in non-standard roles (e.g., artillery as provisional rifle companies), we are able to keep our DEPTEMPO at an acceptable level to accomplish both our training and operational commitments worldwide.

Back-to-back deployments only occur when real world contingency operations erupt and Marine forces are the most viable option for the contingency. The last such event occurred in 1994 when the 24th MEU(SOC) returned from deployment in June and redeployed for operations in Haiti from 7 July until 5 August in support of Operation Support Democracy.

Air Force Answer. Air Force does not, as a practice, deploy our people back-to-back. Less than 3% of Air Force people exceeded the desired maximum 120 TDY days during fiscal year 1996. The Air Force defines a high demand weapon system/career field as one that exceeds 120 days TDY in a twelve month period. Four weapon systems and one career field exceeded this threshold in fiscal year 1996. RC-135RJ (151 days), U-2 (149 days), HC-130 (144 days), A/OA-10 (133 days) and Combat Control Teams (160 days). The Air Force has taken a number of steps to avoid any degradation in readiness or adverse impacts on our people that could be caused by long periods of high PERSTEMPO/OPTEMPO. Global sourcing allows the AF to spread the deployment burden throughout the entire force. Increased use of the Reserve Components has enabled the AF to ease active force taskings. We sought relief from tasking for some limited assets, i.e., U-2s in fiscal year 1996; A/OA-10 participation in CJCS exercises in fiscal year 1997; Air Force Special Operations Command limits exercises for its low density/high demand assets.

Operations Other Than War (OOTW)

Question. Many of the contingency operations which have been supported by U.S. forces since the beginning of this decade have not involved combat. Such military Operations Other Than War (OOTW) have placed new training requirements on the U.S. Armed Forces since the rules of engagement and basic objectives of these operations differ from combat operations. Has the need to prepare your personnel for military operations other than war altered your readiness training program?

Army Answer. When considering Continental United States (CONUS) based units as a whole, the answer is no. The vast majority of our units train to their combat Mission Essential Task Lists. The larger readiness issue is the overall impact military OOTW have on Personnel Tempo (PERSTEMPO). Retaining sufficient force structure to accomplish assigned missions, allow proper training, and provide an acceptable quality of life environment is critical to future readiness. Units selected for deployment to Bosnia-Herzegovina or surrounding locations have altered their training program. They complete training tailored to

the area of employment and the assigned mission(s). This training is based in a strategy which ensures deploying forces are trained to standard and ready to accomplish their Stabilization Force (SFOR) mission(s). This SFOR training strategy begins with general individual and collective training tasks conducted primarily at home station for Active Component units and mobilization stations for Reserve Component units and personnel; then it focuses on theater-specific individual, leader, and collective training tasks culminating in a mission rehearsal and certification Command Planning Exercise. All of these training requirements are certified by the chain of command or the organization conducting the training. Once deployed, units take advantage of every opportunity to sustain both warfighting and peace operations skills.

Navy Answer. Not significantly. Rather than radically alter the Navy's training, readiness and exercise programs, the standards to which deploying Navy forces are prepared have evolved in parallel with modern MOOTW missions. Many of the skills required of Navy forces for MOOTW missions: Humanitarian Assistance, Noncombatant Evacuation Operations, Maritime Interception Operations, Enforcement of Exclusion Zones, Control and Protection of Shipping, and Freedom of Navigation Operations--are skills that the Navy has practiced for years. These missions involve training, capabilities and activities appropriate for naval operations across a spectrum of operations spanning from everyday presence to crisis response and, if necessary, combat.

However, operations such as those dealing with migration from Cuba, Haiti, and continued drug interdiction in Caribbean and Pacific waters have placed a strain on steaming days and flight hours that could otherwise have been used for other joint training purposes.

Marine Corps Answer. While some MOOTW specific training is conducted prior to and during deployments, this has not altered our readiness training programs. The primary training that Marines receive to ensure their readiness for deployment covers the full spectrum of conflict. This full spectrum training is directly applicable to the operational demands encountered in MOOTW. We prepare for MOOTW primarily through rigorous training in the more exacting standards required of conventional combat operations. This approach ensures that Marine units are cohesive and well disciplined to operate in any contingency/crisis environment. This training is directly applicable to the operational demands encountered in MOOTW.

However, the strategic, rapid response requirements of Marine operating forces argue against their significant long term retention ashore for MOOTW. Continued long term involvement in peacekeeping or similar operations may degrade combat effectiveness. One example of how this may occur is through insufficient training opportunities in primary combat skills for deployed units. Another example is unbudgeted operations leading to substantial and repeated diversion of O&M funds, training, equipment, and property maintenance for CONUS units when supplemental funding is not provided.

Marines exist to meet the needs of the Nation; we have in the past, are now, and will continue doing so, as long as adequate structure and resources are provided.

Most of the contingency operations which have been supported by U.S. forces since the beginning of this decade have not involved combat. Such military operations other than war have placed new training requirements on the U.S. armed forces since the rules of engagement, and the basic objectives of these operations differ from combat operations.

Air Force Answer. Operations other than war have not significantly altered our training. Our units are ready to respond to the full spectrum of taskings required by the National Strategy.

Question. If not, how do you prepare your personnel for the rules of engagement in circumstances such as those encountered in Bosnia which are fundamentally different from combat.

Army Answer. The rules of engagement are theater-specific and each soldier deploying to Bosnia trains to a standard. It is certified by trainers from the 7th Army Training Center, or, if conducted at home or mobilization stations, by trainers who have been certified through the train-the-trainer program.

Navy Answer. For the few differences that do exist between MOOTW and standard Navy missions, Navy personnel are prepared to operate under the set rules of engagement through pre-deployment exercises that emphasize MOOTW, training at Command and Staff schools, and by examining the results and lessons-learned of returning forces.

Marine Corps Answer. While some Military Operations Other Than War (MOOTW) specific training is conducted prior to and during deployments, this has not altered our readiness training programs. The primary training that Marines receive to ensure their readiness for deployment covers the full spectrum of conflict. This full spectrum training is directly applicable to the operational demands encountered in MOOTW. We prepare for MOOTW primarily through rigorous training in the more exacting standards required of conventional combat operations. This approach ensures that Marine units are cohesive and well disciplined to operate in any contingency/crisis environment. This training is directly applicable to the operational demands encountered in MOOTW.

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Air Force Answer. Specific training on rules of engagement are added to the normal training requirements prior to deployment and are constantly reviewed in theater.

Question. If so, what effect has this change had on the readiness of your personnel to accomplish their wartime missions?

Army Answer. A trained and ready force is still the Army's number one priority. The frequency and number of these deployments have stretched our soldiers and units. A major factor contributing to the stress units are experiencing is the demands placed on the time available to conduct required training and also participate in contingency operations. The commanders in the field are working very hard to maintain readiness while at the same time satisfying the requirements of these directed contingency operations. Because the costs of these contingency operations have to be paid up front from the Army's budget, pending supplemental funding by Congress, late reimbursement for these operations could have the potential to severely impact our ability to plan and conduct required training. Time is extremely important. The normal planning for a division training

calendar requires units to begin committing resources 90 to 180 days prior to the conduct of the exercise. Without the supplemental now before Congress, we will be forced to scale back training and possibly cancel several training events due to lack of funds. Training opportunities that are missed cannot be made up and are opportunities lost. They have the potential for negatively impacting on overall Army readiness.

Navy Answer. So far, the increased operational tempo associated with Navy participation in MOOTW has been accommodated without any significant impact on personnel readiness to respond to wartime tasking. However, there are limits, particularly in terms of lengths of deployments (6 month maximum) and the time personnel are away from their homeports, beyond which Navy personnel cannot be stretched. Utilization of ``low density/high demand'' forces, such as EA-6 Bs and P-3s, is a concern and is one focus of the Quadrennial Defense Review.

Marine Corps Answer. While some Military Operations Other Than War (MOOTW) specific training is conducted prior to and during deployments, this has not altered our readiness training programs. The primary training that Marines receive to ensure their readiness for deployment covers the full spectrum of conflict. This full spectrum training is directly applicable to the operational demands encountered in MOOTW. We prepare for MOOTW primarily through rigorous training in the more exacting standards required of conventional combat operations. This approach ensures that Marine units are cohesive and well disciplined to operate in any contingency/crisis environment. This training is directly applicable to the operational demands encountered in MOOTW.

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Air Force Answer. Participation in operations other than war has caused temporary degradations in readiness for some units after their return from deployments due to a lack of quality combat training opportunities in some theaters. We have aggressively managed our deployment and training workloads through global sourcing, the Global Military Force Policy, increased use of the Guard and Reserve, and minor force structure adjustments to minimize any impacts on readiness.

Troops Overseas

Question. Overseas rotational moves account for about 22 percent of DoD moves, and are in direct support of the DoD's required presence overseas. What percentage of your troops are currently stationed

overseas? What is the average length of stay for a rotation overseas?

Army Answer. As of February 28, 1997, 25 percent of our troops are currently stationed overseas (including Alaska and Hawaii). The average tour length for soldiers stationed in Europe is 32 months and Korea is 14 months.

Navy Answer. Currently, 14.4% (62,457 of 425,764) of Navy personnel are stationed overseas, including Alaska and Hawaii (Enlisted: 54,382 of 360,069-15.1; Officer; 8068 of 65,695-12.3%). The average length of stay for a rotation overseas is 26.5 months (Enlisted: 26.4 months; Officer: 26.7 months).

Marine Corps Answer. Approximately 12.6 percent (21,938) of our troops are stationed overseas. This includes Marines stationed in U.S. territories (Guam and Puerto Rico), Hawaii, and foreign countries (excluding Canada and Mexico).

Of the 13,773 Marines stationed in Japan, 10,173 are on a one-year (dependent restricted) tour and 3,600 are serving accompanied tours of three years. World-wide there are 1,186 Marine Security Guards (MSGs) serving in foreign countries with whom we have diplomatic relations. These MSGs will serve two 15 or 18 months tours in different countries. The 5,383 Marines in Hawaii all are serving three year tours. Additionally, we have 1,596 Marines in various other overseas locations. So while the average length of stay overseas is approximately 24 months, the tours are generally either one or three years in length.

Air Force Answer. At the end of fiscal year 1996, the Air Force had an end strength of 384,996 members with 79,066 (20.5%) stationed overseas. The number and percent overseas was 68,305 (22.1%) for enlisted and 10,761 (14.1%) for officers.

Overseas tour lengths vary from 12 to 36 months dependent upon the location and whether the member is accompanied or unaccompanied. The average length of stay is 41.3 months. The length of stay for enlisted is 41.9 months and for officers it is 37.6 months.

Question. Does your Service utilize initiatives to allow members to increase tour lengths where possible? Please describe these initiatives. How popular or successful are they?

Army Answer. Yes. In order to meet overseas readiness requirements, Army personnel policy for troops overseas encourages soldiers to voluntarily lengthen their overseas tours and to serve additional tours. As a result, there is less personnel turbulence, more unit continuity, fewer reassignments and happier soldiers and families because of the increased stability. Generally, soldiers are asked to submit requests for foreign service tour extensions (FSTE) for any length of time. To further encourage FSTE, soldiers are provided incentives and benefits if they agree to serve additional complete tours after completing their first tours. Soldiers who volunteer to serve two full consecutive overseas tours (COT) are authorized the benefit of government paid travel for themselves and command-sponsored family members equal to the distance of soldiers' homes of records for one leave. Enlisted soldiers, who have military occupational specialties that are approved by the Secretary for the Overseas Tour Extension Incentive Program (OTEIP), and who agree to extend their tours for at least 12 months, are entitled to one of the following benefits:

--Special pay of $80 per month for the period of extension.

--A period of rest and recuperative absence for 30 days.

--A period of rest and recuperative absence for 15 days and round-trip transportation at government expense to the nearest aerial port of

embarkation in the 48 continental United States.

The Army's FSTE programs have been successful and continue to improve primarily due to an increase in the number of soldiers willing to serve longer overseas, Army budget changes and increased publicity. For example, Europe has been averaging 6,000 FSTEs per year and funding for transportation and travel benefits has increased due to the change in paying accounts from the units' organizational maintenance account to the Department of the Army's military personnel account. The OTEIP is being expanded from 19 to 72 military specialties and has been made a topic on an Internet home page via U.S. Total Army Personnel Command On-Line.

Navy Answer. The Navy has two (2) initiatives allowing members to increase tour lengths where possible: Overseas Tour Extension Incentive Plan (OTEIP), for enlisted only; and In-Place Consecutive Overseas Tour (IPCOT) benefits, for officer and enlisted.

OTEIP benefits are outlined as follows: OTEIP offers eligible enlisted personnel the opportunity to receive their choice of one of three incentive options for extension of their current PRD for 12 months of more.

a. $80 per month special pay for each month during the period of the extension; or

b. Thirty days Rest and Recuperative (R&R) absence during the period of extension; or

c. Fifteen days (R&R) absence plus round trip transportation at government expense from the location of the extended tour of duty to the port of debarkation CONUS and return during the period extension.

The following enlisted personnel are eligible for OTEIP:

--All enlisted personnel serving on Type 3 or 4 duty. This includes Type 2 units in Hawaii.

IPCOT benefits are outlined as follows: A member who is:

--stationed outside the continental United States (CONUS) and

--ordered to a consecutive tour of duty at the same permanent duty station (PDS) or,

--makes a permanent change of station from one PDS outside CONUS to the same PDS outside CONUS to serve the prescribed tour at the gaining PDS and

--meets prescribed tour length requirements is entitled to consecutive overseas tour leave travel and transportation allowances for travel of the member and command sponsored family member who accompany the member at both duty stations.

--For members who have no family members or member defined as an unaccompanied member; member is entitled to travel and transportation allowances for travel from the current overseas PDS and return thereto via one of the following places:

a. the member's home of record or to any place no farther distant than the member's home of record; or

b. any place authorized or approved by the Secretary of the Navy concerned or the Secretary's designated representative.

--For members with family members: members and command sponsored family members who are located at or in the vicinity of the member's current overseas PDS are entitled to travel and transportation allowances for travel of the member and family member(s) from the current overseas PDS and return thereto via one of the following places:

a. The member's home of record or to any place no farther distant than the member's home of record, or

b. Any place authorized or approved by the Secretary of the Navy or

the Secretary's designated representative.

In FY96 enlisted personnel received OTEIP benefits and 885 personnel (Officer and enlisted) accepted back to back tours at the same overseas PDS thereby receiving IPCOT benefits.

Marine Corps Answer. The Marine Corps utilizes the Overseas Tour Extension Incentive Program (OTEIP) to encourage members serving a dependents restricted tour to increase their overseas tour length. Extensions must be for a minimum of 12 months. OTEIP options include:

--15 days nonchargeable leave with paid round trip travel to a port of debarkation

--30 days nonchargeable leave without paid travel

--bonus of $80 per month for the 12 month extension

We also encourage longer accompanied tour lengths with our In-Place Consecutive Overseas Tour (IPCOT) Program. By accepting a consecutive overseas accompanied, Marines are entitled to paid travel to any designation (not just the port of debarkation) in connection with authorized (chargeable) leave. The travel may also be paid for the Marine's family.

OTEIP and IPCOT are popular incentives for increasing overseas tour lengths. We expect nearly 900 Marines to take advantage of these programs this year.

Air Force Answer. The Air Force ensures every overseas member has an opportunity to extend his or her tour. All overseas returnees notice which outlines their options at least nine months prior to their scheduled return date. The notice includes options to extend overseas and a description of each of the incentives to encourage extensions. The member must state, in writing, that they choose/elect to rotate at the end of the prescribed tour--the AF does not automatically assume members will return to the CONUS upon completion of the DoD prescribed tour length.

The Air Force uses four incentivized initiatives to encourage members to increase their tour length. The Overseas Tour Extension Incentive Program (OTEIP) provides incentives to enlisted personnel to remain on station at short tour locations for all specialities and at long tour locations for imbalanced specialties. The incentives allow the member to choose among receiving an additional $80 per month for 12 months ($960) or 30 days nonchargeable leave or 15 days nonchargeable leave and round-trip transportation (member only) to the nearest CONUS port. The In-Place Consecutive Overseas Tour (IPCOT) and Consecutive Overseas Tour (COT) programs provide round-trip transportation to their home of record for members and their command-sponsored dependents in return for their agreement to serve another full accompanied tour in an overseas location. The Extended Tour Volunteer (ETV) program gives members priority in selecting the location of their overseas assignment. In return, the members agree to serve the full tour plus an additional 12 months at that location. These programs are very successful and the Air Force strongly encourages our members to take advantage of them. The Air Force originated an initiative, that is awaiting Congressional approval, to increase the OTEIP payment option from $960 to $2,000 to encourage even more individuals to participate in the program.

Question. Prioritize the major quality of life concerns for service members and their families who are currently assigned overseas.

Army Answer. We do not have a mechanism to breakout and prioritize the quality of life concerns of service members and families who are overseas. However, U.S. Army Europe officials indicate that the major quality of life concerns for service members and their families are

medical care, housing, child care, and schools.

Navy Answer. Overseas service members and their families are most often concerned about their Quality of Life due to: Higher cost of living overseas, limited community resources, cultural and language barriers, and limited medical resources for family members.

Marine Corps Answer. There is no actual data to support the following prioritzation. It is strictly based on anecdotal comments and hearsay:

a. Housing and living arrangements.
b. Health care.
c. Loneliness due to isolation from family and friends.
d. Child care/education.
e. Spousal employment.

Other less frequent concerns that impact service members and families assigned overseas are high cost for keeping in touch by telephone, length of time for mail delivery, and boredom for young service members and families that do not venture off the installation due to transportation restraints, language barriers, and the monetary exchange. Single service members experience some of the same concerns as married members.

Air Force Answer. The issues for our overseas members were considered when we developed the Air Force priorities for pursuing an adequate quality of life for our members, families, and civilian employees: compensation and benefits; safe, affordable, and adequate housing; quality health care; a balanced OP/PERSTEMPO; community and family support; retirement benefits; and educational opportunities. Housing for families and single members, health care, commissaries and exchanges, libraries and fitness centers are essential to our overseas troops. They offer members and their families needed services and familiar activities as well as products and brand names that serve as touchstones to home. Single service members must adapt to a different culture with limited resources. They are heavily reliant upon whatever is offered or provided by the installation and can end up feeling very isolated unless the appropriate support and recreational programs are in place. Families also face isolation when they are forced to live great distances from the installation because of limited military family housing. They often impacted by the limited availability of employment opportunities for spouses and child care availability on an overseas activity. In these two situations, families have few alternative options. Having said this, the Air Force has been and remains committed to ensuring our services and programs support our overseas service members and their families. We support programs like the Overseas Family Member Dental Program (OFMDP) which provides comprehensive dental care to family members in Europe and throughout the Pacific. We are focusing attention on overseas housing, recreation, and health care programs. For example, we are eliminating central latrine dormitories and moving to the new ``1 + 1'' privacy standard for our unaccompanied members and pursuing several Military Family Housing replacement projects throughout Europe and the Pacific. To promote health and fitness, we are establishing Health and Wellness Centers at all major overseas installations. In addition to these initiatives, we recently gained POV storage and round-trip port travel reimbursements associated with overseas assignments in the 1997 National Defense Authorization Act. These programs will help our members defray the costs of overseas assignments.

Troops vs. Technology

Question. Gentlemen, General John Sheehan, Commander in Chief of the U.S. Atlantic Command, has stated that, ``technology will be no substitute for well-trained ground forces in the military operations of the future.'' He states that the military missions of tomorrow will be in urban areas that will require troops on the ground and not, for example, a need for high technology aircraft over head. Gentlemen, do you agree with his assessment of future contingencies?

Army Answer. Yes. While the risk of a high technology peer competitor cannot be discounted, trends indicate an increasing frequency of U.S. involvement in lesser regional conflicts and operations other than war (e.g., peace support operations, security assistance, humanitarian relief, and combating terrorism). While technology can assist in the conduct of such operations, rarely can precise, highly lethal weapons delivered from a distance redress the strategic conditions that created the challenges to U.S. interests. Those high technology solutions also may not apply to the increasing likelihood of irregular and non-conventional warfar or operations conducted in urban areas. As currently configured, only U.S. ground forces are well suited for such operations.

Retention of engagement and enlargement as a national security strategy will increase the frequency of such operations and the demand for ground forces. Thus, the United States must maintain capabilities to meet challenges throughout the range of military operations, particularly at the low end, if it is to promote and further U.S. national interests.

Navy Answer. I believe that the General is correct in that there are some missions for which high technology cannot alleviate the need for troops on the ground. Across the wide spectrum of potential military operations, urban warfare certainly would have to be one of the more manpower intensive. I also believe however that modern technology, properly applied, can be a force multiplier that provides a distinct advantage whether we are talking troops on the ground, airmen in the air, or sailors at sea.

The Navy recognizes that the military missions of tomorrow will be where the people are--in the littorals, areas that include a large proportion of the world's urban centers. It is with this in mind that the Navy has developed its Navy Operational Concept which describes how the Navy will execute Forward . . . From the Sea into the 21st century. Naval capabilities are well suited to successfully completing the full range of missions in the littoral environment, often including providing support to marines and soldiers ashore. Modern systems with greater range, capability, and sustainability allow naval forces to have a greater impact on events ashore than ever before. Additionally, the harnessing of modern technology to gain information superiority will allow us to accurately assess enemy capabilities and determine how to best accomplish any given objective.

Thus as I look to the future, I forecast the need to balance technology with troops, ensuring that we invest in both to achieve optimum mutual support.

Marine Corps Answer. Yes, to a certain extent. The Marine Corps' ability to conduct military operations in the future rests with the individual Marine. Marines are trained to be ready for uncertainty and to successfully meet tasks by adapting, improvising, and prevailing. We equip our Marines to fight, not man our equipment. Our Marines are fully integrated into a synergistic force package that emphasizes the application of combined arms and maneuver warfare. Advanced technology

in both ground and air applications will complement, but will never alleviate the need for well trained and well equipped ground fighting forces. Our Sea Dragon series of experiments highlights our efforts to ensure that technology supports the man. Our upcoming experiment entitled ``Urban Warrior'' will look specifically at combat in urban areas.

Air Force Answer. It's possible we may see more urban conflict in the coming years, but a survey of the actions we're involved in right now in the Balkans, Southwest Asia, Africa, and South America, shows that we can't use urban operations as our sole planning scenario. The recently completed Joint Strategy Review (JSR), setting the strategic planning context of future operations, and the Defense Planning Guidance (DPG), with its Illustrative Planning Scenarios, clearly outline future contingencies that emphasize the need for military capabilities with a broad range of technological sophistication--from ``boots on the ground'' to dominance of the skies to special operations forces tailored for specific missions. The JSR and DPG are the established vehicles for building consensus on the nature of future conflict, and decisions about the appropriate mix for future forces flow from there.

Question. Do you believe that the increased use of technology can substitute for the numbers of troops on the ground or sailors on ships? In other words, should we reduce manning further because we are technologically superior?

Army Answer. This is a difficult question to answer. We will always require ``boots on the ground,'' and the number of soldiers does matter, however, technology will give us enablers that will provide some efficiencies in employing the force. Study and analysis always is required to determine the right manning level required for given capabilities of technology.

Navy Answer. The Navy is aggressively pursuing initiatives that would enable us to reduce manning levels without a corresponding reduction in capabilities. Examples of these initiatives include the Navy's ``Smart Ship'' and ``Smart Base'' projects and a strategy for the increased use of ``competition and outsourcing''.

The Smart Ship project provides an effective means to test and evaluate emerging labor saving technology and doctrine changes. Initial testing of approximately fifty individual labor saving initiatives has been undertaken, onboard USS Yorktown. Other examples include incorporation of Smart Ship concepts into the development of designs for the Arsenal ship, SC-21, and CVN-77.

The Smart Base project, similar in concept to Smart Ship, aims to increase shore installation efficiency and reduce the cost of infrastructure. Naval Station Pascagoula, MS and Naval Shipyard Portsmouth, NH have been designated as demonstration sites.

The competition and outsourcing initiative would lower costs and increase efficiencies and replace non-core function military billets with civilian personnel or contracts.

These initiatives, successfully implemented, promise to allow reduced personnel manning levels while maintaining a superior force. We must however be careful to ensure that we actually receive the expected level of benefit from these new concepts and technologies, and determine that they will work in a combat as well as a non-combat environment before we reduce personnel levels. Absent these precautions, we risk degrading the overall effectiveness of our forces and demoralizing the highly professional well-training force we have worked so hard to create.

Marine Corps Answer. The Marine Corps position is that technology should not be viewed as an end to itself. Technology should be used as an enabler not as a numerical replacement for Marines and Sailors. The Marine Corps has always viewed the individual Marine on the battlefield as our most important asset and technology as a means to enhance his warfighting capabilities, lethality and survivability.

As the Marine Corps proceeds through the Sea Dragon experimental process, we seek to fuse technology and enhance the capabilities of the warfighter through the introduction of new equipment and tactics, techniques and procedures. During this process, we must be careful not to automatically cut force structure without first conducting a proper analysis. This will be accomplished through our Marine Corps Concepts Based Requirements System which reviews the impact of changes to existing technology, tactics, training, and procedures on Marine Corps doctrine, organization, education and training, equipment, and structure.

Once this analysis is complete, the Marine Corps can then determine how to best organize, train, and equip to meet the mission requirements of our Corps. With that said, our current end strength of 174,000 active and 42,000 reserve Marines is essential for the Marine Corps to execute its assigned responsibilities. Reduction of current strength without concomitant reduction in U.S. commitments will undermine force stability, foreign policy initiatives, and the Nation's ability to protect its national interests.

Air Force Answer. The key to success is balanced use of both these American strengths: leading edge technology and highly trained soldiers, sailors, airmen, and marines. Today we're operating at the limits of each. While the United states has long used its technological edge to keep the active duty force as small as possible, there is no breakthrough on the immediate horizon which would allow us to draw down further without accepting increased risk. Our forces are sized to meet the needs of our two major regional contingency security strategy by taking full advantage of both our available technology and the very highest quality young women and men our nation offers. And even during the period of relative peace we're now enjoying, our operational tempo is very high and our people are feeling the stress. Further force reductions could significantly increase the burden on those who remain.

Question. The increased numbers of women in the military has resulted in changes in personnel management and policies towards training, physical fitness, assignments, medical services, etc. What percent of your forces are women in uniform?

Army Answer. Women currently make up 14.5 percent of the Active Army, 23.6 percent of the Army Reserves, and 8.2 percent of the Army National Guard.

Navy Answer. As of February 28, 1997, 12.5% of the enlisted active duty force is women and 13.5% of the officer active duty force is women. Total Active Duty (including TARS) is 12.7% women.

Marine Corps Answer. Currently 5.1% of the active duty Marine Corps are women.

Air Force Answer. At the end of fiscal year 1996, women comprised 16.7 percent of the active duty Air Force, 20.7 percent of the Air Force Reserve, and 14.9 percent of the Air National Guard.

Question. Do you believe women are valuable to your service to meet your individual missions?

Army Answer. Yes, absolutely!

Navy Answer. Yes, Navy end strength requirements dictate that over two-thirds of our new recruits must attend A-school for specialized

skills training. Many of these skills are in highly technical fields such as the advanced electronics and nuclear fields. It is not enough to simply recruit Sailors, we must put the right people in the right programs and optimize our utilization of pipeline training programs. The number of high quality men desiring entry into the all volunteer force is not sufficient to meet all the technical field requirements. Recruiting high quality women allows us to meet our requirements and significantly improves overall readiness.

Marine Corps Answer. Yes. Women are invaluable to the Marine Corps in meeting its wide range of missions. Without the contribution provided by our women Marines, we could not possibly meet our mission requirements as effectively as we do today. Now that barriers have been removed, and opportunities increased, women will become even more critical to the Marine Corps' mission success.

Air Force Answer. Women are a valuable and integral part of the Air Force as evidenced by the many senior leadership positions they currently fill. For example, women represent 10.5 percent of our senior noncommissioned officer corps (E-7 through E-9), but they hold almost 12 percent of first sergeant and senior enlisted advisor positions. Likewise, women comprise almost 9 percent of our senior officer force (O-5 and O-6) and hold almost 9 percent of our senior officer commander positions. In the Air Mobility Command, as a matter of fact, women represent 4 percent of the rated force but command 14 percent of the flying/operational support squadrons.

In today's All Volunteer Force, Air Force recruiting is gender-neutral, i.e., we do not specifically target men or women--we recruit high quality young Americans--yet during fiscal year 1996, 23 percent of officer accessions and 26 percent of enlisted accessions were women. These numbers are significant in allowing us to fill all of our requirements, from aircrews to mission support to health care providers. Given the reduced propensity of young, Americans, particularly young men, to enlist in the armed forces, it would be nearly impossible for us to meet our mission requirements without women.

Question. What percent of jobs in your Service are open or available to women? Is it primarily due to combat related positions that some fields are closed to women?

Army Answer. Ninety percent of Army occupations are open to women. Because of the preponderance of combat units in the Army, this equates to 70 percent of all positions open to women. The Army's application of the Department of Defense Direct Ground Combat Definition and Assignment Rule requires that Infantry, Armor, Special Forces and certain other jobs be closed to women.

Navy Answer. Ninety-two of ninety four (97%) enlisted ratings and 23 and 25 (92%) of officer career fields are open to women. The three (3) enlisted ratings--FT, MT, & STS--are closed because the primary career track is aboard submarines. The two (2) officer career fields are Submarine (112X/117X) and Special Warfare (SEALs--113X/118X). Special warfare is closed due to the direct ground combat rule. There are approximately 23,000 billets closed to women because they are associated with submarine, mine warfare, and special warfare platforms.

Marine Corps Answer. Ninety-three percent of all military occupational specialties in the Marine Corps are open to women. Job fields that remain closed to women are exclusively due to the ``direct ground combat rule.''

Air Force Answer. Over 99 percent (99.4%) of AF positions are open to women. The positions which are closed/restricted to women are based

solely on DoD policy, which prohibits the assignment of women to units below the brigade level whose primary mission is direct ground combat. The only career field closed to women officers is combat control; those officer career fields with certain positions restricted to women are helicopter pilot (special operations MH-53/MH-60), weather, and air liaison officer. The career fields closed to enlisted women include combat control, pararescue, and tactical air command and control; the restricted enlisted career fields are weather, radio communications systems, ground radio communications, and helicopter flight engineer/ aerial gunner (special operations MH-53/MH-60).

Question. Do each of you feel your Service is giving female soldiers and sailors opportunities to excel in their careers?

Army Answer. Yes. Women soldiers are excelling in their careers. They are being selected for promotion, schooling, and command at ever increasing percentages. The percentage of women in the Army overall and in higher ranks is also increasing. These indicators demonstrate increasing success in women's careers.

Navy Answer. Yes, to be competitive with their male counterparts, women are afforded the same sea duty opportunities as men. Women's career paths parallel that of men. They face the same challenges and obtain the same warfare qualifications.

Marine Corps Answer. Yes. The Marine Corps is committed to removing barriers to assigning women in an effort to expand their career opportunities. A review of all military occupational specialties (MOSs) per the ``direct ground combat rule,'' resulted in 93 percent of all occupational fields being open to women. Thirty-four previously closed MOSs were opened to women, greatly expanding their career growth potential.

Air Force Answer. All Air Force members are given equal opportunities to excel. Opportunities for training, deployments, assignments (except for those prohibited by DoD policy), etc., are gender-neutral. Generally speaking, duty performance, a primary ingredient of career progression, of women in contingency operations and in their primary duties equals that of men in traditional and nontraditional fields. Women generally outperform men on quality indicators, such as promotion. For example, since 1990, women have been promoted at a higher rate than the board average on all officer promotion boards except one and on all senior (E-8)/chief master sergeant (E-9) promotion boards.

Question. What is the female attrition rate currently? Has this improved over the years? If so, why?

Army Answer. The attrition rate for women at the 36-month mark is 47.9 percent compared to 35.4 percent for men. The women's attrition percentage has been increasing slightly, and the men's rate has been constant. In regard to why the percentage has increased for women, this issue is currently being addressed as part of a Department of the Army study of attrition.

Navy Answer. First term attrition is defined as the percentage of people whose enlistment contracts would have ended in a particular year who fail to complete their first term of service by at least three (3) months. The attrition rate for enlisted women whose enlistment would have ended in fiscal year 1996 was 48% (male attrition for same period was 45.1%). For fiscal year 1992 attrition rates were 42% for females and 38.2% for males. Attrition rates for both males and females have increased at approximately the same rate. The increased attrition level reflects drawdown early out programs that selectively allow members to leave before the end of their term of service.

Marine Corps Answer. This question will be answered by providing two methods of calculation: non-cohort data and cohort data. When examining non-cohort data, first-term attrition was 14.3% in FY 96. This rate is calculated by dividing the number of first-term, female losses in fiscal year 1996 by the number of first-term, females on active duty in fiscal year 1996. Over the last eleven years, first-term, female attrition has been relatively constant:

FY	86	87	88	89
Rate	12.4	11.9	13.7	14.9

The cohort rate is calculated by dividing the total number of first term female losses over the initial four years enlistment period of a particular year group (Cohort) by the total number in the cohort. Fiscal year 1991 is the most recent cohort for which the Marine Corps has data. First-term, female attrition from the fiscal year 1991 cohort was 54.8% Over the last six completed cohorts, first-term, female attrition has been relatively constant:

FY	86	87
Rate	48.5	51.4

Air Force Answer. The Basic Military Training attrition rates for men and women over the last 6 years are as follows:

Basic Military Training Attrition Rates
[Percent]

	FY 91	FY 92	FY 93	FY 94
Men	5.70	5.08	7.36	7.71
Women	12.76	10.21	13.52	13.18

The attrition rates for men and women after four years of service are reflected in the following table. The spike in FY 92 can be attributed to the instability surrounding major drawdown programs. The attrition rates of the last few years are closer to the historical average of 45 percent for first-term airmen.

Attrition Rates After Four Years of Service
[Percent]

	FY 91	FY 92	FY 93	FY 94
Men	42.5	51.5	42.8	43.6
Women	48.6	56.1	48.2	44.2

Since fiscal year 1994, the attrition rates of first-term women have shown an improvement relative to males over the last few years. The positive work environment the Air Force provides women can explain this improvement. The Air Force offers women equal opportunity for career satisfaction and progression.

Question. What are the major quality of life concerns that women have expressed as being important to them?

Army Answer. We do not track gender-specific responses to quality of life issues. Our women and men in uniform share the same concerns in this area. Two of the most important, identified in all of our surveys, are the availability of child care and the demands on families caused by the Army's increased operational tempo.

Navy Answer. It is my experience, covering hundreds of calls with Sailors in every conceivable setting, that women ask the same questions and are concerned about the same issues as men. This is unquestionably so in the senior enlisted paygrades. The issues that are most often raised from surveys and during DACOWITS installation visits and leadership conferences are (1) availability of child care; (2) quality of uniforms; and (3) availability of health care, specifically ob/gyn. Navy is working to increase the number of child care providers. The Defense Advisory Committee on Women in the Services (DACOWITS) has chartered a working group to look into the quality of uniforms for all Services. The Navy is continuing to look for ways to increase the availability of health care. Although these issues are primarily raised by women, the efforts that DoD and the Navy are making towards improving these areas should assist the men as well.

Marine Corps Answer. The major quality of life concerns of female Marines are not substantially different than that of their male counterparts. Compensation heads the list, followed by health care, housing, and other service member and family support programs.

Availablity of on-base child care also continues to be one of their most oft mentioned concerns.

Air Force Answer. Quality of life concerns of Air Force women cut across the gender barrier. In other words, quality of life concerns are concerns of Air Force people--women and men.

One of our biggest quality of life concerns is OPTEMPO. Although we have a goal of no more than 120 days a year away from home, many people exceed that due to the missions our smaller force is called on to support. Deployment results in absences in the home unit, which, creates additional stress for those members remaining behind as they try to maintain mission readiness without a full staff. Increased absences from home creates additional stress for family members as well. In fact, the post-Cold War Air Force is 32 percent smaller yet deployments and international commitments have increased fourfold.

We often hear concerns about availability of reliable child care, particularly during extended duty hours and exercises. Accessibility to adequate health care--particularly for family members--remains vivid on the scope of quality of life concerns, which is why we continue to work hard for the continued implementation of TRICARE.

A primary quality of life concern of young enlisted members is private living quarters. With Congress' help, we're beginning to implement the one-plus-one dormitory standard to provide junior enlisted members quality living quarters. Lack of adequate family quarters is a concern of more senior Air Force members, with the concurrent concern of quality and affordability of off-base housing when government quarters are not available.

A particular concern of women has been the fit and availability of

uniform pieces. Last year DoD formed a task force to look at the entire process of uniform design, procurement, and distribution.

Gender Neutral Training

Question. Recent events, including allegations of widespread sexual abuse at Aberdeen Proving Grounds, have started a debate over possible changes to DoD gender-integrated training practices. The Secretary of Defense has recently stated that the question is best left up to the Services to decide but there is no ``compelling evidence'' to warrant a change in current practices.

What are your thoughts? Are current programs adequate or do you envision that the Department will embark on a course to emphasize separate training programs for men and women?

Army Answer. I am pleased that the Secretary of Defense is supporting the Services in determining how to conduct training given each Services' unique mission requirements and force mix. There is no evidence to support a change to the way the Army trains--we train as we fight. In fact, there is evidence to continue gender-integrating training.

The Army began gender-integrated training for officer and enlisted soldiers in the early 1970s. In 1973, we started training males and females together during Advanced Individual Training. As more Military Occupational Specialties (MOS) were opened to women, Army training managers needed to ensure the quality of MOS training, for both genders, and began to establish an environment where men and women would learn, early in their careers, how to work together as a team. In 1993, the Army decided to again ``test'' gender-integrated basic training. The ``test'' distinction was applied because the Army had tried gender-integrated basic training in the 1970s and 1980s--then stopped. No records are available to document whether gender-integrated basic training in those years had been a success or failure.

In 1993, the Army Research Institute (ARI) was asked to perform a study to examine whether this was a prudent method of training for the Army. Results indicated gender-integrated basic training showed considerable promise for the effective training of both men and women. Gender-integrated basic training was incorporated into Army policy in 1994, and the ARI study was continued for an additional two years. Now completed with the final results published in February 1997, the study has provided the Army with empirical performance data that strongly supports gender-integrated basic training. For the Army, gender-integrated training is the best way to train.

Navy Answer. I think that the current programs are adequate and I do not envision that the Department will embark on a course to emphasize separate training programs for men and women. The Navy has found its gender neutral training approach to be most effective in best preparing our Sailers to live, operate, fight and win aboard gender neutral shore based commands, and deployed ships and squadrons. When they arrive in the fleet, men and women live and work together, just as they do in the society from which we draw our recruits. When deployed, however, understanding one another and relying on each other is a compelling necessity. Close quarters are a fact of life onboard ship, and success during routine underway operations and war at sea is measured in hard-earned readiness through underway training, lives saved and victories won. An environment free of discrimination and harassment is necessary for this success, since our ships, staffs, and squadrons rely on the job performance of the women and men assigned. It

would be dysfunctional to introduce this concept for the first time when Sailors arrive onboard ship. Rather, our approach is to instill, from the beginning of a Sailor's Navy experience, the reality of a gender integrated living, operating and fighting Navy unit.

Marine Corps Answer. The Marine Corps has developed a progressive means of integrating males and females into its ranks. It is a training program that begins with gender segregated training at the Recruit Depots, progresses to partial gender integration at Marine Combat Training and reaches full gender integration at all (except combat arms) Military Occupational Specialty Schools and Professional Military Education institutions.

--Recruit Training. The purpose of recruit training is simple--to make Marines. Although basic military skills are taught in a very structured setting, recruit training is really a socialization process. In order to make that process as effective as possible, the Marine Corps chooses to provide an environment free of latent or overt sexual pressures, thereby allowing new and vulnerable recruits the opportunity to focus on becoming a Marine. As a result, male and female recruits are formed into gender segregated units with Drill Instructors of the same sex.

--Marine Combat Training (MCT). Immediately following recruit training is Marine Combat Training. The purpose of MCT is to provide all non-infantry Marines with the weapons and fieldcraft skills essential to operating and surviving in a combat environment. ``Operation Leatherneck'', as it is called, is a comprehensive scenario-based training exercise designed around a unit's notional deployment in an overseas contingency operation. Effective March 19, 1997, MCT classes will be partially gender integrated in that men and women will train together as members of the same company--a female platoon in each training company with leaders of both sexes throughout the unit. This organization and training provides the first opportunity for Marines of both sexes to see themselves as members of the same team, committed to performing the same duties, in the same mentally and physically demanding environment. As a result of that experience, they develop an appreciation for each other as professionals.

--Military Occupational Specialty School. Following MCT, Marines of both sexes report to follow-on MOS schools. There, they are fully gender integrated into the lowest level organizational structure--the squad and fire team. Their experience at recruit training and MCT have, by this point, fully prepared them to interact together as equal partners in their unit/school, and subsequently the operating forces.

The Marine Corps feels that this building block approach to gender integration has served its purpose well. It has allowed for the making of Marines at recruit training, the maturing of Marines at MCT and the full integration of male and female marines at their MOS school. These is no intent to change this process.

Air Force Answer. The Air Force has employed gender-integrated training since 1976 and it works. Current programs are adequate based on our Graduate Assessment Survey results showing 95% of supervisors are satisfied that they receive trained airmen, ready to perform.

Question. In the light of recent events, do you believe that creating an increased number of separate male and female training programs will improve the morale or readiness of the U.S. forces?

Army Answer. No. These is no relationship between gender-integrated training and sexual harassment or the criminal acts of sexual assault and rape. There is no empirical evidence to suggest that gender-integrated training in any way has caused a decline in Army morale or

readiness. In the Army, we train as we fight.

Navy Answer. I do not believe, in light of recent events, that creating an increased number of separate male and female training programs will improve the morale or readiness of U.S. forces. As previously stated, the Navy has found its gender neutral training approach to be most effective in best preparing our Sailors to live, operate, fight and win aboard gender neutral shore based commands, and deployed ships and squadrons. I feel it would be detrimental to morale and readiness if the integration of men and women was not allowed to take place at the outset of a Sailor's Naval career. Navy men and women live and work together when deployed, however, understanding one another and relying on each other is a compelling necessity. Close quarters are a fact of life onboard ship, therefore, an environment free of discrimination and harassment is necessary for success. Our approach is to instill, from the beginning of a Sailor's Navy experience, the reality of a gender integrated living, operating and fighting Navy unit.

Marine Corps Answer. The Marine Corps' overall training program is designed to maximize operational readiness. The sequence of progressive gender integration--from recruit training, to partial gender integration at Marine Combat Training, and finally to Military Occupational Specialty Schools (with the exception of combat arms) and Professional Military Education institutions--is part of that program. (These programs are described in detail in the response to the previous question). We consider this a successful program and do not anticipate the need for changes.

Air Force Answer. No. The Air Force trains the way we fight--together. Twenty four percent of our Basic Training graduates are women and ninety nine percent of our career fields are open to women. Air Force morale and readiness are enhanced due to constant focus on Equal Opportunity and our integrated approach to training.

Question. What are the estimated costs of creating new, separate male and female training programs?

Army Answer. The Army's policy of integrated basic and advanced training provides a solid foundation for male and female soldiers to learn how to work together as a team to accomplish the Army's mission. Since the Army has been conducting Gender Integrated Training successfully since 1973, there are no plans to create new and separate male and female training programs. Therefore, an estimated cost analysis is not available. An initial estimate from the Training and Doctrine Command on facilities (billeting) and equipment shows it would have a minimal impact on the training base in Basic Training/One Unit Station Training but could have a major impact during Advanced Individual Training.

Navy Answer. The estimated cost of creating new, separate male and female training programs would be difficult to determine without knowing exactly to what degree they were going to be separated. If the intent was to have both the males and females train at the same geographic location, the cost could be minimal as the primary concern would be with adequate berthing capacity and sufficient classroom instructors to cover the increases in classes. If, however, the intent is to geographically separate the males from the females then the cost would escalate depending on MILCON requirements for facilities, manpower staffing requirements, etc.

Marine Corps Answer. Since there is no plan to create ``new, separate male and female training programs'' no cost has been projected.

Air Force Answer. Using recruit training as an example, we would have to stand up an additional training squadron which could be moved into an existing recruit housing and training facility (cost of facility renovation, linen, and equipment would be $10.6 million). Annual operating expenses would be an additional $3.6 million. Manpower would increase by 11 people (recruited from people currently performing their operational mission) and separate schedules would have to be worked for the firing range, confidence course, academic classes, etc. which may drive additional manpower and facility costs. Recruit training would be left with no surge capability and the intangible costs associated with lower morale and damage to the team building process (readiness) would be difficult to measure.

Hazing Activities

Question. The Committee understands that the Department of Defense (DoD) has a zero tolerance policy in hazing. However, recent events related in the press about hazing activities involving military personnel has DoD involved in developing new guidelines that will determine what activities are prohibited and how they should be investigated. Gentlemen, do you believe that hazing still occurs every day in your Service? How big a problem is it for your Service?

Army Answer. In my opinion, hazing is not a widespread practice in the Army. Elimination of all hazing, however, remains an important goal for our Army leadership.

Navy Answer. The Navy has worked hard to eliminate hazing in the ranks; as a result it occurs infrequently. However, when hazing does occur, it is dealt with swiftly. Early this year, we assessed the status of hazing in the fleet and identified a few isolated incidents of hazing that were quickly and effectively handled by the chain of command. In December 1996, we reviewed the command climate at Navy's primary accession training commands. The Navy Assessment Team found that hazing was not an issue. Our success in this area is due to the Navy recognizing the potential problem early. In 1993, the Secretary of the Navy directed the Chief of Naval Operations to develop a program to eliminate hazing. With input from fleet commanders, it was determined that all hazing and perceptions of hazing must be eliminated while providing for a continuation of valuable ceremonies and traditional events. We did this by including requirements for planning and conducting naval customs, ceremonies and traditional events in the Standard Organization and Regulations of the U.S. Navy (OPNAVINST 3120.32C).

Marine Corps Answer. Hazing, like all acts that abuse and demean others, is an issue that requires the attention of commanders, leaders, and individual Marines at every level in order to ensure that these incidents are totally eradicated. Hazing, in any form, is unacceptable and will not be tolerated. We do not believe hazing occurs every day, but any occurance is too many!

Air Force Answer. Hazing does not occur daily in the Air Force. Hazing has not been a problem in the Air Force and, where encountered, it has been addressed promptly and appropriately through the existing provisions of the UCMJ. The Air Force Inspector General has completed a five-year review and found only two documented cases of hazing. In both cases, swift and appropriate actions were taken.

Question. What message does hazing send to service members in relation to your core values of integrity, trust, and confidence?

Army Answer. Hazing obviously contradicts the values which you have

cited. As the Chief of Staff of the Army stated in February, ``hazing is fundamentally in opposition to our values and will not be tolerated.''

Navy Answer. As I have stated previously, hazing is not a problem with any dimension. It does not occur frequently and the entire force is aware and sensitive to hazing. The Navy builds esprit de corps, organizational pride, and unit cohesion through outstanding performance, challenging training, and exacting standards of appearance and conduct. We do not achieve these goals by acts of abuse or demeaning rites of entry into artificial ``clubs''. Hazing reflects a lack of discipline, immaturity, and is illegal. Hazing is contrary to the Navy Core Values of Honor, Courage and Commitment.

Marine Corp Answer. Hazing is directly counter to our Core of Values of honor, courage, and commitment. Correspondence from the Commandant of the Marine Corps to all General Officers, Commanding Officers and to all Marines has continuously stressed that Marines will be treated with dignity and respect and the only ``rite of passage'' in the Marine Corps is successful completion of recruit training or Officer Candidate School.

Air Force Answer. We continually present and emphasize Core Values (Integrity First, Service Before Self, and Excellence in All We Do) to our people as the foundation of the standards of the military professional. We are aware of the debilitating effect hazing can have on morale and mission effectiveness. The success of our mission depends in large measure on the degree of trust and understanding that exists among the people in our units. Anything that might erode that trust is not tolerable. The Air Force is absolutely committed to creating an environment in which all our people, whatever their gender, race or ethnic origin, can work free of harassment, unprofessional conduct, cruelty, or maltreatment.

Question. What is your Service's policy towards hazing incidents? How does your Service handle any incidents that occur?

Army Answer. The Army does not currently have a specific written policy on hazing; however, some subordinate commands have local regulations or policies that address hazing or hazing-type conduct. Hazing is also an issue that is currently under review by the Office of the Secretary of Defense. In any incident involving allegations of hazing, commanders are charged with the responsibility to investigate the allegations, and if the allegations are substantiated, to take appropriate corrective or disciplinary action.

Appropriate action includes the full range of administrative and punitive actions, including counseling, reprimand, nonjudicial punishment, separation from the Service, or initiation of charges under the Uniform Code of Military Justice. Hazing that involves the abusive treatment of subordinate soldiers is prohibited under the provisions of Article 93, Cruelty and Maltreatment, Uniform Code of Military Justice (10 U.S.C. Section 893). Depending on the nature of the conduct, it may also be punished under Article 128, Assault (10 U.S.C. Section 928), or under the General Article 134 as conduct prejudicial to good order and discipline or of a nature to bring discredit upon the armed forces (10 U.S.C. Section 934).

Navy Answer. Hazing is prohibited at all times--on duty and off duty, and in all places--at sea and ashore. No service member may engage in hazing or consent to acts of hazing committed upon them. No one in a supervisory position may, by act, word or omission, condone or ignore hazing if he or she knows or reasonably should have known that hazing may occur. Any violation, attempted violation, or solicitations

of another to violate the hazing policy, subjects involved members to disciplinary action under Article 92 of the Uniform Code of Military Justice.

Marine Corps Answer. The Marine Corps position is simple--hazing in any form is unacceptable behavior and will not be tolerated. This position has been reinforced and promulgated throughout the Corps several times in the past five years. The fact that hazing will not be tolerated has remained the consistent theme throughout each message. Commanding officers have the duty and obligation to ensure that their Marines are treated with dignity and respect.

The punishment for hazing could range from NJP to a court martial depending on the severity of the offense.

Air Force Answer. The Air Force has ``zero tolerance'' for discrimination or harassment of any kind. Hazing is not acceptable behavior and will not be tolerated in the Air Force. Particularly egregious hazing cases can be punished under the UCMJ using either Article 93, Cruelty and Maltreatment, or Article 128, Assault; less egregious cases are handled administratively. Commanders have the flexibility to address the problem using the full range of administrative tools available for disciplinary infractions.

Medical Care

Question. The Military Health Services System (MHSS) is changing from a fee-for-service health care program (CHAMPUS) to a managed care system called TRICARE. TRICARE is now being provided in 9 out of 12 regions of the country. This transition has caused some anxiety and confusion among beneficiaries. How satisfied are you with the medical care of the service? Do the troops like TRICARE?

Army Answer. I am satisfied with the medical care provided to our miltary healthcare beneficiaries. However, I am concerned that while the benefit is standard from region to region, the implementation may vary due to the willingness of civilian providers, in certain areas, to participate in the TRICARE Preferred Provider Network. In my opinion, I would like to see a program that is much like the military health care system soldiers have been accustomed to using--a seamless system where soldiers do not have to concern themselves with selecting a program for their families or about their coverage varying from region to region. My understanding of TRICARE is that it was implemented to improve access to care, provide additional benefits focused on wellness and disease prevention, and increase the healthcare choices available to beneficiaries. According to a survey in five TRICARE regions conducted in late 1996, 89 percent of non-active duty enrollees say they are likely to re-enroll in TRICARE Prime. TRICARE implementation represents a major change in the Military Health Services System, and lack of understanding of this new system has caused some consternation among beneficiaries. Full implementation of TRICARE as a uniform benefit nationwide, along with aggressive marketing initiatives, should result in a better understanding and acceptance by beneficiaries.

Navy Answer. The findings of the 1996 Annual Health Care Survey of DoD Beneficiaries indicate overall satisfaction with the health care received in Military Treatment Facilities. The overall satisfaction rate is indicated below:

[In percent]

	Marine Corps	Navy

Active Duty.....	50.5	58.7
Family of Active Duty.....	59.9	53.7

While there are no survey questions that directly indicate satisfaction with TRICARE, there are a few questions on the 1996 Annual Health Care Survey of DoD Beneficiaries that indicate our troops expectations of TRICARE. We hope in the next iteration of the Annual Survey to be able to provide a measure of satisfaction with TRICARE. Troop expectations of TRICARE are indicated below:

[In percent]

	Active Duty Marine	Active Duty Navy
TRICARE will increase my access to care.	14.3	19.1
I will have better preventive care with TRICARE.....	9.4	13.6
TRICARE will make it hard for me to see a specialist.....	8.9	11.9
I know exactly what to do to make an appointment under TRICARE.....	11.3	19.8
TRICARE will make it easier to get phone advice.....	8.0	11.1
I will have to use more of my own money for Health care under TRICARE.....	13.5	19.9

Marine Corps Answer. The 1996 Annual Health Care Survey of DoD Beneficiaries provides results of overall satisfaction with health care received in Military Treatment Facilities. The overall satisfaction rate is indicated below:

[In percent]

	Marine Corps	Navy
Active Duty.....	50.5	58.7
Family of Active Duty.....	59.9	53.7

There has been some confusion with the transaction to TRICARE. This is to be expected, however, as any significant change creates concern. Navy Medicine is taking steps to educate and market what we feel is an exceptional approach to health care delivery.

There are no survey questions that directly indicate satisfaction with TRICARE. However there are a few questions on the 1996 Annual Health Care Survey of DoD Beneficiaries that described our troops' expectations of TRICARE. We hope in the next iteration of the Annual Survey to provide a measure of satisfaction with TRICARE. Troop expectations of TRICARE are indicated below:

[In percent]

	USMC	Navy

TRICARE will increase my access to care.	14.3	19.1
I will have better preventive care with TRICARE.....	9.4	13.6
TRICARE will make it harder for me to see a specialist.....	8.9	11.9
I know what to do to make an appointment under TRICARE.....	11.3	19.8
TRICARE will make it better to get phone advice.....	8.0	11.1
I will have to use more of my own money for health care under TRICARE.....	13.5	19.9

Air Force Answer. The Air Force provides world-class medical services to all of its beneficiaries. There will always be ``growing pains'' with any new program, especially when it involves a coveted benefit such as health care. The TRICARE Prime Enrollee Satisfaction Survey conducted from October 1996 to February 1997 contains significant findings that indicate early success. This survey was conducted in mature TRICARE markets (Regions 6, 9, 10, 11, and 12). It concluded that the more knowledge and experience beneficiaries have, the more they like the plan. Enrollees with no experience receiving care and those uncertain in their knowledge of the plan (and there are still a large number) are less satisfied, at 65 percent, than those that have used the plan, reporting 71 percent satisfaction. TRICARE Prime is viewed by most enrollees as equally good or better than the traditional military medical system. Forty-three percent of all TRICARE Prime enrollees and 39 percent of active duty enrollees reported that their treatment under TRICARE Prime is better then before TRICARE Prime, with only 12 percent citing a decline.

Active duty personnel continue to lag behind other enrollees in satisfaction and knowledge. While just over 66 percent of all enrollees say they understand the TRICARE Prime program, 76 percent of non-active duty members report understanding of the program. Additionally, while 67 percent of all enrollees report satisfaction with TRICARE Prime, for non-active duty personnel satisfaction rises to 71 percent. It is important to note that active duty personnel are enrolled in TRICARE Prime automatically and many, especially single airmen, do not pursue knowledge of the program because they are young and healthy. We are confident that improvement will be noted as knowledge is increased.

Question. Do you get many complaints from the troops about medical care? What types of complaints?

Army Answer. As the first priority for the Military Health Service System (MHSS), active duty members have excellent access to care and incur no out-of-pocket cost for healthcare. Complaints from troops, therefore, most often center around healthcare in sites away from military treatment facilities (MTFs) and issues for their family members, especially access to care and claims processing. For sites away from MTFs, TRICARE Prime Remote currently is being demonstrated in Washington and Oregon, with plans to proliferate this benefit nationwide. In TRICARE Prime Remote, active duty members are assigned a specific care manager, and claims payment and processing are managed for them. These improvements represent solutions to the most common healthcare problems active duty members encounter.

Navy Answer. We do not have survey data available to answer this

question. However, statistics from the 1996 Health Care Survey of DoD Beneficiaries show that the overall satisfaction rate is between 50.5%--59.9%. Anecdotal evidence indicates that beneficiaries are dissatisfied with enrollment fees, co-payments and the perception of limited access to medical care.

Marine Corps Answer. There is no survey data available to answer this question. However, statistics from the 1996 Health Care Survey of DoD Beneficiaries show that the overall satisfaction rate is between 50.5%--59.9%. Anecdotal evidence indicates that beneficiaries are dissatisfied with enrollment fees, co-payments and the perception of limited access to medical care.

Air Force Answer. The military health care benefit is essential to maintain a fit and ready force, not only in the deliverance of direct care to active duty personnel, but as a critical quality of life issue that affects morale as well as retention. The 1996 Department of Defense (DoD) Health Care Survey shows that beneficiaries are most satisfied with the overall quality of care, the provider's concern, available resources (i.e. specialists) when necessary, and technical quality. The least satisfied areas are in access and choice. TRICARE provides three enrollment options as well as the choice of a primary care manager (except for active duty). Results from the October 1996--February 1997 TRICARE Prime Enrollee Satisfaction Survey show that TRICARE Prime is delivering on its access standards. For urgent care cases, 85 percent of enrollees received care on the day of their call, and 95 percent were seen for minor injuries or illnesses within TRICARE Prime's seven-day access standard. In addition, 99 percent reported receiving appointments for ongoing conditions and for routine care within the 30-day standard. Over one-third of enrollees report that TRICARE Prime has improved their overall access, with only 12 percent citing a decline.

TRICARE Prime is proving successful in removing many of the barriers to quick and convenient access to care that beneficiaries traditionally faced with displeasure. Of the 73 percent of enrollees who have seen their primary care manager, 79 percent report success in making an appointment after one phone call. TRICARE Prime is also keeping waiting time at the office down, as 52 percent of enrollees say they usually do not have to wait at all, and 23 percent of enrollees have to wait less than 15 minutes.

I still receive questions voicing concerns about ``the promise of free medical care for life.'' This is an emotional issue for many, and we address this as compassionately as possible while emphasizing the realities of the medical entitlement.

There are some TRICARE irritants, such as the portability of the benefit between regions and timely claims processing, that have been or are being corrected by the DoD. However, TRICARE is in its infancy and the results of the survey indicate that it is evolving into a world-class managed health care system.

Question. What is your impression of the medical care programs for dependents?

Army Answer. The implementation of TRICARE Prime is an improvement in the Military Health Service System (MHSS) for family members, and yet, I continue to find soldiers who lack a good understanding of this new healthcare system. I talk to others who are not accustomed to enrolling for their health care benefits. As a result, many soldiers have not enrolled in TRICARE. The MHSS needs to continue their marketing efforts to get the TRICARE message out to soldiers TRICARE offers new choices in the healthcare beyond the direct care system and

standard Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). Family members may choose a health maintenance organization (HMO) option, a preferred provider network option, or standard CHAMPUS. The HMO option, TRICARE Prime, establishes standards for access to care, both in the Military Health Service System and in the TRICARE provider network, and provides additional wellness and prevention benefits. The TRICARE preferred provider network also provides quality oversight and claims processing services for family members previously not available with standard CHAMPUS.

Navy Answer. Our medical programs for dependents are outstanding. Under TRICARE, we anticipate improved health care accessibility for our dependents. They will also have a larger selection of providers (civilian and military) to better meet their individual health care needs.

Marine Corps Answer. Our medical programs for dependents are outstanding. Under TRICARE, we anticipate improved health care accessibility for our dependents. They will also have a larger selection of providers (civilian and military) to better meet their individual health care needs.

We must continue to alleviate perception problems with TRICARE by actively pursuing a continuing education and marketing program aimed at keeping our patients and their families informed about TRICARE options.

Air Force Answer. The Air Force Medical Service (AFMS) provides an exceptional health care benefit to dependents. TRICARE Prime, the Department of Defense's (DoD) health maintenance organization-like option, offers a benefit package which is comparable or better than commercially available managed care insurance plans. TRICARE sets the standard with its preventive services provision through the AFMS's building healthy communities initiative. These efforts are evidenced by survey results that reflect that 95 percent of beneficiaries report they had their blood checked within the last two years, 80 percent report an immunization or flu shot within the last two years, and 63 percent of all female beneficiaries have had a Pap smear within the past 12 months.

The quality of medical care in Air Force facilities is consistently rated high, as evidenced by customer satisfaction surveys. Eighty-seven percent of all enrollees rate TRICARE's customer service support system and its medical care as good or better.

Recent survey results also indicate that TRICARE Prime enrollees are happy with the program. For example, TRICARE Prime beats the national average with respect to likelihood of re-enrollment, with 88 percent of non-active duty beneficiaries re-enrolling after their first year with the program.

In addition, active duty dependents are provided an opportunity to enroll in the TRICARE Family Member Dental Plan, which offers dental coverage for families at a very low monthly premium rate. DoD subsidizes 60 percent of the premium cost, and family members receive a very comprehensive benefit through a national network of civilian dental providers.

Question. What feedback are you getting from the troops regarding the new dental plan?

Army Answer. The TRICARE Family Member Dental Program (FMDP) is a voluntary program which applies to family members of Army, Navy, Marine Corps, and Air Force active duty personnel. The program is managed by the Civilian Health and Medical Program for the Uniformed Services and administered by United Concordia Companies, Incorporated. The FMDP is a well designed program with over 43,000 participating dentists centered

primarily around military installations. Family members participating in this program have 60 percent of the total premium for dental care paid by the government.

A recent nationwide survey of family members enrolled in the TRICARE FMDP reflects an 82 percent level of satisfaction overall, with the lowest satisfaction being in the Northwest (Fort Lewis). Of those surveyed, about one third indicated the monthly premium ($17.95) was high and about 20 percent indicated gaining access to participating dentists caused some difficulties in transitioning from Delta Dental (the previous family member plan) to the new program.

Navy Answer. The TRICARE-Active Duty Family Member Dental Plan (TFMDP) is an ASD (Health Affairs) program centrally administered by the TRICARE Support Office (TSO) through a single private insurance vendor, currently United Concordia Companies Incorporated (UCCI).

Early problems experienced during the contract transition to the new insurance contractor included slow claims processing, denials of claims and predeterminations, low fee schedule, and an inadequate participating dentist network. These problems have been rectified. Beneficiary feedback in terms of complaints and appeals have been similar to those of the previous contractor, and the utilization rate is also comparable.

Commanding Officers of Naval Dental Centers report very few TFMDP issues surfacing at Health Care Consumer Council meetings, and relatively high beneficiary satisfaction.

Customer satisfaction surveys are currently underway sponsored by both ASD (HA) and UCCI. These will provide data based feedback on beneficiary perceptions of quality of service, access to care, and adequacy of the UCCI participating dentist network. Results will be available in April or May, and will be used to develop specific program improvement strategies.

The Annual Health Care Survey of DoD Beneficiaries findings indicate overall active duty satisfaction with military dental care in general. The below percentages indicate (good, very good or excellent) satisfaction with Military Dental Care:

[In percent]

	Marine Corps
Active Duty.....	76.6

Marine Corps Answer. The TRICARE-Active Duty Family Member Dental Plan (TFMDP) is an ASD (Health Affairs) program centrally administered by the TRICARE Support Office (TSO) through a single private insurance vendor, currently United Concordia Companies Incorporated (UCCI).

UCCI assumed the TFMDP program on February 1, 1996. The TFMDP as administered by UCCI is identical to the DPP*Delta contract with respect to covered services, cost sharing and co-payments, eligibility requirements, and beneficiary claims procedures. It is not a new plan, but the same plan offered by a different dental insurance vendor.

The Navy/Marine Corps view is that the TFMDP is providing good service to our military family members. Early problems experienced during the contract transition to the new insurance contractor included slow claims processing, denials of claims and predeterminations, low fee schedule, and an inadequate participating dentist network. All have

largely been rectified. Beneficiary feedback in terms of complaints and appeals have been similar to those of the previous contractor, and the utilization rate is also comparable. Commanding Officers of Naval Dental Centers report very few TFMDP issues surfacing at Health Care Consumer Council meetings, and relatively high beneficiary satisfaction. The recently released GAO Investigation of the TFMDP found the program to comply with or exceed contract requirements, except in the Camp Lejeune and Fallon, NV areas.

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The Annual Health Care Survey of DoD Beneficiaries provides overall active duty satisfaction with military dental care in general. The below percentages indicate (good, very good or excellent) satisfaction with Military Dental Care:

Active Duty:
Marine Corps..... 76.6%
Navy..... 79.8%

Air Force Answer. The Department of Defense and the Services have been tracking customer satisfaction with the TRICARE Active Duty Family Member Dental Plan since it changed contractors on February 1, 1996. Although the benefit package was unchanged, the transition was initially troubled by marketing, enrollment and provider network development problems. As those issues have been addressed by the Office of the Assistant Secretary of Defense (Health Affairs) (OASD[HA]) and the contractor, satisfaction with the program has improved.

In an October 25, 1996 information memorandum titled ``In Progress Review of the TRICARE Active Duty Family Member Dental Plan (FMDP),'' OASD(HA) cited results of surveys conducted by the Services. Overall, beneficiary satisfaction with the FMDP was high and the number of complaints had greatly deceased. Claims were processed quickly and beneficiaries were pleased with the quality of the dental care they received. The contractor was working to develop provider networks in three specific challenging locations.

An additional survey has been fielded. A telephone survey of 2000 beneficiaries that began in January 1997 is due back to OASD(HA) on June 1, 1997. In general, the survey addresses satisfaction with the current contractor, United Concordia Companies, Inc., and with the benefits offered in the insurance program.

Housing Issues

Question. In October, 1995, the Marsh Panel released a study indicating that the funding required to improve bachelor quarters, above current standards, is about $9 billion. The Marsh Panel also concluded that, at fiscal year 1995 spending rates, the problem of barracks renovation would take from 30 to 40 years to correct.

In both fiscal years 1996 and 1997, Congress acted to accelerate funding of quality of life requirements adding $700 million and $600 million in each year, respectively. Also, in fiscal year 1997, the Congress created the ``Quality of Life Enhancements, Defense'' account into which the $600 million increase was appropriated. This account

extended the availability of funds from one to two years, and fenced these funds to ensure they would be used for quality of life improvements.

The fiscal year 1998 budget request reduces the amount of funding in the operation and maintenance accounts for real property maintenance and thus slows the implementation of quality of life improvements. The fiscal year 1998 Army budget funds only 67 percent of required Real Property Maintenance, Navy, funding declines by $137 million and Air Force funding declines by $239 million.

Gentlemen, do you share the view that DoD should increase funding for activities related to Service personnel quality of life issues?

Army Answer. Sir, we get approximately 24 percent of the Department of Defense Total Obligating Authority. We try to do the best we can to keep a balance in terms of the readiness of the force, taking care of our people and the modernization of the force.

Navy Answer. The Navy's goal is to ensure our target permanent party population is housed at the new 1+1 standard by the year 2013 and we will accomplish that at our currently proposed funding levels.

Marine Corps Answer. Historically, the Marine Corps has had to make difficult choices between operational readiness and quality of life programs in order to fund the latter adequately. Recent initiatives from DoD and Congress to increase quality of life funding for all Service members have and will continue to improve conditions for our Marines and their families. However, as the gap between requirements and resources widens, the challenge of funding quality of life programs to an adequate level from within existing Service TOA will be an exceedingly difficult one. Our readiness and operational responsiveness remain our number one priority. We do not feel we should ``mortgage the future'' of our operational forces in order to disproportionately increase support to our quality of life programs. Operational necessity precludes immediate additional investment in some of these well-deserving programs. Our critical core readiness capabilities, which define us as a Service, will remain our resourcing priority.

This said, in the present budget the Marine Corps tangibly recognized the link between quality of life and readiness by making a significant commitment to quality of life programs in general, and bachelor quarters in particular. Additional resources were applied in this budget and program to eliminate the maintenance and repair backlog of our bachelor enlisted quarters (BEQ's) by the end of the fiscal year 2004 and to reduce our BEQ furniture replacement cycle from 14 to 7 years by fiscal year 2002. In addition, we have committed to funding BEQ construction at an average level of $50 million/year. This drives the number of inadequate enlisted barracks spaces to zero in 10 years.

We agree that activities related to Service personnel quality of life issues are deserving of increased funding levels. We have demonstrated a sincere commitment to meeting the quality of life needs of our Marines but have stretched our fiscal purse strings to the breaking point. The Marine Corps cannot afford to divert additional resources from within TOA to further accommodate deserving quality of life programs.

Air Force Answer. Within the fiscal year 1998 budget, the Air Force has allocated an appropriate amount of funding for quality of life facility-related issues. Although we are doing a good job providing for our service members, there are unfunded requirements. The Air Force has established a list of requirements if additional funding becomes available; that list includes several quality of life issues.

With Congressional support in fiscal year 1996 ($100 million) and

fiscal year 1997 ($108 million), the Air Force was able to address some of the worst dormitory maintenance and repair backlog requirements, in addition to converting 33 central latrine dormitories to 1-plus-1 dormitories. The current fiscal year 1998 budget request fully funds periodic maintenance of dormitories and includes $100 million identified for the replacement or conversion of some of our remaining central latrines through the military construction program. However, the fiscal year 1998 real property maintenance request does not provide for major repair and renewal projects, which leaves the Air Force with a $100 million dormitory repair backlog for fiscal year 1998.

Question. Gentlemen, could you explain to the Committee the specific measures included in the fiscal year 1998 budget request to improve the quality of life of U.S. military members? Are there improvements included in the budget request directed toward improving barracks and related facilities?

Army Answer. The Army has numerous measures to improve quality of life for our soldiers, ranging from housing, child care, fitness and recreation programs, living allowances, and various community programs serving families and single soldiers.

The Army's budget request is heavily aimed at improving barracks and related facilities. Approximately $338 million is programmed in Military Construction, Army, to build new 1+1 barracks spaces for 3,000 soldiers with an additional $149 million in Operation and Maintenance funds earmarked to renovate spaces to an approximate 1+1 standard for 4,000 soldiers. Also, our Whole Barracks Complex Renewal projects include revitalization of associated infrastructure, landscaping and related buildings.

Navy Answer. Over $130 million of our MILCON program is directed toward barracks projects which will significantly improve QOL for our Sailors. Five of the eight projects are at the new 1+1 standard, the remaining projects are for students or transients.

Marine Corps Answer. Due in part to the Marsh Panel findings and recommendations, we have made great strides in improving the quality of life for our Marines and their families. This commitment is reflected in our new QOL Master Plan published in August of last year. The plan outlines a coordinated and comprehensive approach to achieving our vision of providing appropriate level of quality of life services to all Marines, and their families, regardless of where assigned. As such, it acts as a reference tool for determining priorities and applying resources in the most effective way. The FY98 budget includes $539 million to support quality of life initiatives.

Improvements to bachelor housing continue to be our highest housing priority. Marine Corps QOL program additions include $71 million for repair and maintenance of barracks and $42 million in replacement construction in FY98. All BEQ new construction programmed through FY05 will be built in the 2x0 room configuration, which will help us eliminate inadequate BEQ spaces in 10 years. The QOL Enhancements, Defense account funds will be used towards projects that will improve or repair plumbing/mechanical/heating systems, roofs, seismic conditions, renovations, and air conditioning. BEQ furnishings are also being addressed with these funds through our ``Whole Room'' furnishings program, and the furniture replacement cycle is being reduced from 13.6 years to the DON standard of seven years beginning in FY02. We are also making great progress in reducing our backlog of maintenance and repairs (BMAR) for BEQs. Our goal is to eliminate the BMAR for our entire barracks inventory by FY05.

Other QOL programs include recreation, leisure, family and children

services, information, religious and counseling programs. These programs are the commanders' tools to help build a strong Marine Corps community. Improvements include increased hours of operation, better trained staff, more and upgraded equipment and renovated or new infrastructure such as our new fitness centers at Camp Pendleton and Camp Lejeune.

The Marine Corps has made a significant commitment to improving QOL by a balanced application of resources, organization and command influence. We believe we have programmed to reach an acceptable level in these QOL domains which were addressed by the Marsh Panel.

Air Force Answer. The fiscal year 1998 budget includes $6.5 million for fitness centers and $128 million for dormitories. The Air Force placed a high priority on buying out our permanent party central latrine dorms; a goal we will now achieve in fiscal year 1999. Our fiscal year 1998 budget also includes $253 million in the Military Family Housing Investment Program.

Question. Why did the department choose to delete the ``Quality of Life Enhancements, Defense'' account from the fiscal year 1998 budget request?

OSD Answer. The Department did not delete the Quality of Life Enhancements, Defense program in fiscal year 1998. This program was established by Congress in fiscal year 1997 to provide additional funds for the Department's real property maintenance account. The Department's real property maintenance request for fiscal year 1998 is identified in the Operation and Maintenance Overview justification book dated March 1997.

Army Answer. The Army did not request funding in the Defense account, because we included all of our funding for real property maintenance in the fiscal year 1998 request for the Operations and Maintenance, Army, appropriation. The Army targeted quality of life by focusing $149 million of its real property maintenance request for the renovation of existing barracks to a modified 1+1 standard.

Navy Answer. This funding was provided as a Congressional add to the defense-wide budget in fiscal year 1997. Formulation of the fiscal year 1998 budget took place prior to the Congressional action which added the Quality of Life Enhancement, Defense account, hence it was not considered.

Marine Corps Answer. The Marine Corps opposes establishment of a separate ``Quality of Life Enhancement'' appropriation. A separate appropriation reduces the flexibility to finance emergent operational requirements because of the inability to reprogram to the new appropriation without prior Congressional approval, or to augment the maintenance programs supported through the new appropriation. This is especially true where only a portion of a program (the ``plussed up'' portion of real property maintenance for barracks and housing) is financed from the new appropriation and the remaining real property maintenance requirements (for both operational and quality of life projects) are financed from the extant O&M appropriations. The Department requires the flexibility attendant to all real property maintenance funding residing within the existing O&M appropriations.

Child Care/Family Service Programs

Question. The enlisted forces are approximately 78 percent of the total child care users in the Department of Defense (DoD), with 15 percent being officers, and 7 percent DoD civilians. The total number of dependent children DoD-wide is approximately 1.3 million, more than

the size of your enlisted force.

What percent of your force is married with dependents? What percent of your force are single parents with children?

Army Answer. The overall percentage of the Army that is married is 63.4 percent. However, when dual military families are deducted from that number, the percentage that are married with dependents is 60.5 percent. Single parents with children represent 3.8 percent of the active Army.

Navy Answer. 52.2 percent of Navy officers and 39.8 percent of our enlisted personnel are married with dependents. The total in this category for both officers and enlisted is 45.2 percent of our force. 1.8 percent of officers, and four percent of enlisted personnel are single parents with children. The Navy total in this category is 3.1 percent.

Marine Corps Answer. 43.66% of all active duty Marines are married, while 46.90% of all active duty Marines have dependents. Of this latter number, 35.80% have one dependent and 64.20% have two or more dependents.

Single parents, with custody, comprise 0.42% of the active duty force.

Air Force Answer. The percentage of the force married with dependents is 54 percent. Single parents with children make up 2.4 percent of the force.

Question. The Military Child Care Act of 1989 required the Department of Defense to have uniform fees for all of the Services in child care facilities. What is the average fee charged in military child care centers? How does this compare to civilian child care?

Army Answer. The average Army fee for 1995-96 was $62 per week. Fees for civilian child care vary greatly depending on the geographical location, the age of children served, adult-to-child ratios, local wages, operating hours, and the overall quality of care. Army families pay reasonable fees for quality care governed by consistent standards. Even the highest fee charged by installations in high cost areas is usually lower than the ``going rate'' charged by civilian centers in the same area.

Navy Answer. The Navy's average weekly fee charged for full-day care is $63.99. Fees in the civilian sector are based on the age of the child and vary depending on the geographic area. The Navy's fee scale is based upon paygrade, and it is possible that parents in the higher income category with older children could pay higher fees in military programs than in civilian centers. This is most likely to occur in the southern part of this country. Average rates in the civilian sector for children aged two and under are $140 per week and for children between three to five years, $90 per week.

Marine Corps Answer. The overall average fee paid in Marine Corps child development centers for full-day, full-time care is $64.50 per week. For Marines in the lowest income category (category I) the average charge is $46.79/week; 18% of our Marines are in this category. For category II, the average fee is $56.68; 34% of our Marine users are in this group. Our highest average fee, category V, is $90.72, paid by 12% of our Marines.

Our fees are considerably less than those charged for comparable care in the civilian community. As an added factor, we do not charge parents a higher fee for infant care as is the common practice in the private sector. Average civilian fees at several USMC locations for full-day, full-time care in accredited programs:

Location	Infants	Preschoolers (3 to 5)
Southern California.....	$150/wk	$110/wk
Northern California.....	$170/wk	$125/wk
Albany, GA.....	$75/wk	$70/wk

Air Force Answer. Air Force child care centers comply with the annual fee ranges published by DoD each year. There are five categories of fees based on total household income. The overall average weekly child care fees for 50 hours of care and 10 meals and 10 snacks per week is $70 or $1.40 per hour. The lowest income category pay, on average, $50 per week; the highest income group pay, on average, $95 per week. It is difficult to compare the Air Force's child care fees to the civilian sector because there is no comparable civilian data and Air Force programs serve a different age group of children than civilian centers. More than 50% of the spaces in Air Force centers are used for children 0-3 years of age. It is 2-3 times as expensive to provide care for infants and toddlers as it is for preschool and school age children. Very few commercial centers offer infant and toddler care or, if they do, they provide only a few spaces because it is not profitable.

Question. Are these rates reasonable and affordable for enlisted families?

Army Answer. Fees are based on total family income, or the family's ability to pay. Rates are broken into five Department of Defense-defined (DoD) income categories. In addition, the Army has mandated a special rate of $35 per week per child as a sub-element of the DoD Category I rates for families with not more than $18,500 annual income.

Navy Answer. Yes. Research shows that many low-income families spend an average of 25% of their income for child care while military families pay an average of 10%. The larger percent of military users are in the three lowest categories of the DoD fee scale.

Navy categories are as follows:

Category and annual income	Percent average fee
I. $0 to 23,000 equals 18 percent.....	$45.75
II. $23,001 to 34,000 equals 33 percent.....	$55.89
III. $34,001 to 44,000 equals 21 percent.....	$67.29
IV. $44,001 to 55,000 equals 15 percent.....	$77.96
V. $55,001 plus equals 13 percent.....	$88.96

Marine Corps Answer. Yes. Our fee ranges are sensitive to family income. Enlisted families that earn less, pay less. Additionally, our fee policy permits installation commanders to set lower fees when families have a hardship.

Air Force Answer. Since the fees charged in Air Force child care centers are based on total household income they are lower for junior enlisted members and single parents than they are for senior enlisted and officers and dual military or dual income families. Twenty percent of the parents are paying only $1.00 an hour for child care including

meals and snacks for their children. Almost half pay less than $60 a week for 50 hours of child care and 10 meals and 10 snacks a week for their child. Those with the highest incomes pay between $72-$95 a week. We believe that these rates are reasonable and affordable for most enlisted members.

Question. How important a role do the family service centers play for the single or married enlisted? What kinds of assistance are most frequently given to enlisted personnel?

Army Answer. The Army refers to family service centers as the Army Community Service (ACS). The delegates to the 1997 Army Family Action Plan Conference ranked ACS fifth among the 14 Army programs and services that they identified as critical. The top five were medical, commissary, dental, child care, and ACS.

The Community Information and Referral Program, the Relocation Program, Army Emergency Relief, and the Consumer Affairs and Financial Assistance Program were the assistance programs most frequently used by enlisted personnel in fiscal year 1996.

Navy Answer. Based on the 1996 Navy Family Service Center Needs Assessment Survey, FSCs play an important role for Sailors and their families. 30% of all Active duty members and 40% of all spouses use FSCs. Those who utilize FSCs return frequently in a one year period. In 1996, FSCs serviced over six million client contacts who received either: information and referral, education and training or counseling services. In 1996, 78% of FSC users received information and referral services, 17% received education and training and 5% received counseling. Over 80% of Sailors and their spouses report they are satisfied with FSC programs and services.

Marine Corps Answer. The Marine Corps considers the role of the family service centers to be very important. During FY 96 the 19 Family Service Centers (FSC) located at major Marine Corps installations reported a combined total number of contacts of approximately $1.3 million. Specific data is not available regarding the percentage of these contacts that were with enlisted personnel. However, due to the officer-to-enlisted ratio of the USMC, and the anecdotal reports from FSCs, we believe the far greater percentage of the contacts involved enlisted Marines and/or their family members.

The main requests for services (including direct services, as well as attendance at workshops and classes) were: financial counselling; relocation services; spouse employment assistance; requests for general information and referral to on-base and off-base resources; transition assistance services; and personal and marital counseling.

Air Force Answer. The Air Force Family Support Centers are very important to all our enlisted members and their families. In the first quarter of fiscal year 1997, 14% of all Family Support Center (FSC) consultations provided to E1-E4s were provided to single airmen and 80% were provided to married E1-E4s and their families. Over the past three years, 86% of all FSC consultations were provided to enlisted personnel and their families.

The Financial Management Program, Relocation Assistance and Transition Assistance are the three Family Support Center programs most frequently used by enlisted personnel and their families.

Question. Family Advocacy programs are designed to address child and spouse abuse. With force structure changes, and longer and more frequent deployments, do you see an increase in the number of family advocacy cases?

Army Answer. For the past four years, Army-wide child abuse reports and substantiated cases have been declining, with a rate of 6.9/1,000

(substantiated cases) in fiscal year 1996.

After four years of increases, spouse abuse reports and substantiated cases in 1996 indicated a slight downturn. The rate of substantiated cases for fiscal year 1996 was 10/1,000 compared to 10.6/1,000 in the previous year. We do not maintain information on abuse rates and their correlation to deployments.

Navy Answer. No. The number of child and spouse abuse incidents reported and the incident rates per 1,000, for both child and spouse abuse, have both decreased each year since 1993. The Abuse Victim Study (required by the fiscal year 1993 Defense Authorization Act) and other information indicates decreases are most likely due to the downsizing of the Navy, improved screening of cases through use of the Navy's Risk Assessment Model, prevention initiatives like the New Parent Support program, and/or fear of career consequences.

Marine Corps Answer. There is no evidence or statistical data to indicate an increase in family advocacy cases due to force structure changes or longer and more frequent deployments. We have plans for a research project to begin this fiscal year which will, hopefully, provide data upon which a more definitive statement about the effects of deployment upon family violence can be made.

Air Force Answer. We have no scientific data currently available that identifies personnel in frequently deployed units. However, scientific data that is available on Air Force-wide trends shows broad improvement and compares favorably with available civilian data. Air Force Family Advocacy Program statistics show decreasing trends in family violence cases and severity of cases between 1993 and 1996.

Spouse abuse rates per 1,000 were: 14.4 in 1993; 14.2 in 1994; 14.3 in 1995 and 13.4 in 1996. There is no comparable civilian spouse abuse data available however, we do have civilian comparables for child abuse. Air Force child abuse rates per 1,000 were: 7.5 in 1993; 7.5 in 1994; 6.5 in 1995; and 5.8 in 1996. In contrast, the National Council on Child Abuse and Neglect reports U.S. child abuse rates increased from 13.2 in 1989 to 15 in 1995. In addition to the decline in rates of the number of cases, the severity of cases, as measured at case opening, has declined over the past three years. This decline in the severity of domestic violence cases was supported by a study, entirely independent of the SG community, conducted by the Air Force Office of Special Investigations (AF/OSI). The authors of the OSI study concluded that the severity of domestic violence in the Air Force was ``moderating.'' The overall message from the above data suggests that Air Force Family Advocacy prevention programs are paying off, even in these times of increased operations tempo. Indeed, 43 percent of the Air Force Family Advocacy budget is being spent on primary and secondary prevention efforts such as: New Parents Support Programs, classes on parenting, and couples communication.

Despite the overall good picture noted above, there is one area in which we are very concerned. There appears to be a spike in the number of child deaths in the Air Force due to maltreatment. We have studied the phenomena of infant maltreatment death, submitted a scientific paper for publication and alerted clinicians in our hospitals to the factors that might identify a family as being at high risk for infant maltreatment death. However, during the past three months there has been a significant uptick in the number of child deaths. We are taking aggressive steps to identify the medical, psycho-social and community correlates to these deaths. We are partnering with OSI, and our pediatric and mental health consultants to review these most recent deaths with an eye toward lessons that can be applied by both medical

and line Air Force officials to reduce child deaths. Certainly one factor we will explore is the relationship between deployment tempo and the child death.

Other Support Activities

Question. The downsizing of the military affects not only end strength and force structure, but also other support functions located on military installations that might close due to BRAC; such as MWR activities, hospitals, commissaries and exchanges. Clearly, these support activities are important to a member and his family's quality of life and enhances his standard of living while in the military. How essential are these other support activities to attracting and maintaining a ready quality enlisted force?

Army Answer. A recent study, Morale, Welfare & Recreation (MWR) Programs and Readiness Links (1996), identified one direct or indirect link (i.e. varying in degree based on size and method of study) between soldier readiness components and MWR programs.

Data from the Army-wide Sample Surveys of Military Personnel (SSMP) conducted during the last five years identify ``overall quality of Army life'' as one of the most important reasons for enlisted personnel thinking about or leaving the Army before retirement.

The Spring 1995 SSMP and 1995 Survey of Army Families (SAF) III asked respondents to select the seven MWR programs (excluding Army Community Service programs) that were most important to enhancing the quality of Army life. Based on those data, the six most important programs for soldiers and spouses are:

Soldiers	Spouses
1. Fitness Centers	1. Fitness Centers
2. Gyms	2. Libraries
3. Libraries	3. Youth Services
4. Outdoor Recreation	4. Child Development Services
5. Auto Skills	5. Gyms
6. Travel Services	6. Outdoor Recreation

Navy Answer. MWR Programs are critical to maintaining and retaining a quality, ready and able Navy. MWR activities, programs and services enhance mental and physical fitness, promote unit cohesion, foster family well-being, contribute to socially well adjusted single Sailors, and generally improve overall quality of life of Navy members and their families. We believe MWR programs have been and will continue to be a critical element in maintaining a strong and vital force. There is a strong relationship between the quality of life we provide and our ability to retain that quality force which enables the Navy to sustain a high state of operational readiness. (MWR consistently ranks as the number two reason for staying in the Navy on the Navy's Retention Survey.)

Early in the BRAC process, MWR took steps to ensure that closures of MWR activities were scheduled to best represent the needs of local patrons consistent with available resources. Essential facilities, e.g., fitness, are being retained until virtually the closure date. Other MWR activities are carefully downsized during the closure period

consistent with needs of patrons and closed upon the loss of the preponderance of the customer base.

Marine Corps Answer. The Marine Corps Quality of Life (QOL) Research Project completed in 1994 shows, for the first time, a statistical link between quality of life programs and Marines personal readiness, retention, and job performance.

Of the eleven global domain areas studied, those most essential to attracting and maintaining a ready quality enlisted force are: Leisure and Recreation, Health, Income and Standard of Living, Friends and Friendship, and Relationships with Children. Based on this study, Marines overall place a great deal of importance on health and physical fitness; are worried about making ends meet; tend to socialize with other Marines; and want as much time as possible with their children.

Clearly, the support activities which provide leisure and recreation, health benefits, and cost savings are essential programs to attracting and maintaining a ready quality enlisted force.

Air Force Answer. According to Air Force surveys conducted over the past two years, quality of life programs play a major rule in an enlisted member's decision to make the Air Force a career. During an Air Force Needs Assessment Survey conducted in 1995, active duty members and spouses rated quality of life programs as important to their commitment to the Air Force. Moreover, results from the 1996 Air Force Careers Survey, show members rate availability of medical care, opportunity for education and training, retirement programs, dependent medical care, dental care, and commissary services as major influences in making the Air Force a career.

Question. Is there a perception by the enlisted force that these benefits are continuing to erode? If so, how does this affect retention and your ability to keep the career enlisted force to retirement age?

Army Answer. Surveys of soldiers, particularly those in mid-career (four to ten years of service) indicate that perceptions of eroding benefits exist. Spousal satisfaction and family considerations are prime motivators for electing to reenlist or separate. Perceived cuts in medical care procedures and facilities, changes in the retirement program, and potential losses or reductions in commissaries and exchanges impact on soldiers' decisions. These factors, coupled with loss of support activities and reduced morale, recreation and welfare activities, make it more difficult to achieve mid-career retention goals. Although we are currently retaining soldiers in adequate numbers to meet mandated endstrength, we have noticed a reluctance among some high quality soldiers to remain in service for a full career. A stable, fair benefits package is the cornerstone to maintaining a quality enlisted force.

Navy Answer. Anecdotal data from the Navy-wide Personnel Survey suggests that the perception of quality of life is lower for enlisted personnel than officers. 80 percent of officers and 66% of enlisted are satisfied with current child care arrangements; and surveys during the last six years have shown that officers are more satisfied (range: 72-79%) with their overall quality of life compared to enlisted (range: 40-52%).

All Sailors reenlisting or separating from active duty are afforded the opportunity to complete a Retention/Separation Questionnaire. Statistics gathered from this questionnaire have remained fairly consistent over the last decade. For many years Sailors have stated job security, the availability of support and recreational services, and use of commissary and exchanges as the top three reasons why they reenlist. Inadequate compensation, family separation, and lack of

advancement opportunity are in a virtual three-way tie as the top reasons Sailors give as why they are leaving the service. The statistical difference among the three is insignificant. Focus group discussions, conducted with Sailors voluntarily separating from active duty, have provided additional insights. For example, a reason voiced by a growing number of mid-career Sailors is the perceived erosion of retirement benefits. Congressional discussions about further changes to the retirement system spur their decision to leave.

Marine Corps Answer. Through the Marine Corps Quality of Life (QOL) Research Project completed in 1994, the Marine Corps obtained quantifiable evidence that quality of life and military benefits have a strong relationship to military outcomes, such as readiness, retention, and job performance. Military support functions include health care, commissaries, exchanges, housing, MWR, and family programs. These support functions are all elements which comprise overall military QOL which is measured by the combined effects of these support functions.

Without further analyses of benefits provided over time, we do not have sufficient information to provide data on the possible erosion of benefits perceived by the enlisted force. However, through this study it was discovered that junior enlisted Marines appear to be the least satisfied with their current overall quality of life, partly because of their ages, and partly due to their residences, jobs, and self-image. At the time of the study, this group had the lowest personal readiness of any other rank. For this reason along with the strong statistical relationship shown between quality of life and military outcomes, the Marine Corps has committed, beginning in fiscal year 1996 and continuing through fiscal year 2003, between $550 and $600 million per year in quality of life programming, such as: housing, MWR and family programs.

Air Force Answer. Although the Air Force hasn't formally surveyed enlisted members of their perceptions of eroding benefits, informally, members indicate that there is an erosion of benefits. Members highlight the change in retirement formulas, medical care (change to the TRICARE system), lack of availability to medical treatment for retired military members over age 65, reduced tuition assistance benefits, and reduced tuition assistance benefits, and reduced opportunity for education and training due to high PERSTEMPO, as examples of benefits erosion. As a result, our caution lights are on. We are closely monitoring reenlistment rates as they have continued to decline in both the 2nd term and career categories. The 2nd term category has slipped from a high of 82% in fiscal year 93 to 76% for fiscal year 1996 (historical rate of 75%). Reenlistment rates have also declined for the career category (those on their third term of reenlistment, but less than 20 years of service) from a high of 97% in fiscal year 1993 to 95% for fiscal year 1996.

Question. Would you say that the commissaries are more important to the enlisted force and better utilized than the exchanges? Why?

Army Answer. We do not have data on the perceived importance of commissaries and exchanges. Both the commissary and exchanges are very important to our soldiers and both have high utilization rates, particularly among junior enlisted personnel and their families. Both are absolutely necessary.

The Spring 1996 Sample Survey of Military Personnel (SSMP) indicates high enlisted personnel satisfaction levels with the commissary (77 percent) and the Post Exchange (PX) (72 percent). According to the Fall 1995 SSMP, 75 percent of enlisted personnel report using the commissary at least once a month, with 24 percent

shopping at the commissary once a week or more during the last 12 months. Enlisted personnel located outside of the United States shopped more frequently at the commissary than their continental United States counterparts. For those who use both the commissary and a civilian supermarket, three-fourths of enlisted personnel reported that the commissary had the best prices (compared to the civilian supermarkets) for 50 percent or more of the items. According to the Fall 1995 SSMP, the three most important reasons for shopping at the commissary for both officer and enlisted personnel were low prices, convenient location, and product availability.

Enlisted spouses report high satisfaction levels with both the PX (69 percent) and commissary (75.5 percent). Spouses of enlisted soldiers report high use of both the PX and commissary (95-plus percent); there was no statistically significant difference in use between officer and enlisted spouses. Ninety-six percent of the enlisted spouses used the commissary; 86 percent use it at least once a month. Seventy-eight percent cited low prices as the most important reason for shopping at the commissary.

Navy Answer. While the surveys taken have not specifically identified or compared the importance of the commissary benefit by category of beneficiary, the surveys do show that military personnel of all grades consider the commissary to be their number 1 benefit today. By comparison, exchanges are rated third behind both the commissary and medical. However, I believe that whether the commissary is more important to the enlisted member depends primarily upon the age and marital status of that person. For example, the single sailor is more likely to live on base and value the convenience and merchandise selection provided by the exchange; while sailors with families rely on the significant savings available at the commissary to stretch the family budget.

Marine Corps Answer. Based on the Marine Corps Quality of Life (QOL) Research Project completed in 1994, one of the most essential QOL initiatives to attract and maintain a ready quality enlisted force is ``Income and Standard of Living.'' Both the commissary and the exchange deliver a cost savings to the Marine and are important elements in the Marine's quality of life.

Deciding whether the exchange or the commissary is ``more'' important depends on who is asked. Both single and married Marines use the exchange, while commissary patrons are predominantly married. But of those Marines who use both, most would agree that the commissary provides a more important benefit, i.e., saves more money, than the exchange.

Air Force Answer. Military members rate the commissary as the most important non-pay compensation benefit. This makes sense when you consider that commissaries offer the most basic of necessities, food, at virtually cost price. But, because commissaries deal in this one product line, they would be of special importance to enlisted families who eat at home. Single enlisted personnel, however, tend not to frequent the commissary because they eat in dining facilities. Exchanges, therefore, may be better utilized than commissaries by the active enlisted force simply because their dealing in a wide variety of products appeals to both married and single personnel. We don't think it's necessary to pit commissaries against exchanges. They're both valued and vital components of the overall quality of life.

Question. In the fiscal year 1998 budget request, the Department of Defense proposed establishing a new revolving fund account for the Defense Commissary Agency (DeCA). Upon entering the new fund in fiscal

year 1998, DeCA will require as much as $50 million to settle operating losses accumulated in fiscal year 1997. Among the options to solve this problem are cost reductions such as modifying commissary hours and reducing the number of commissary employees. Gentlemen, is DoD presently considering any significant changes to commissary operations in order to reduce costs?

Army Answer. The Defense Commissary Agency (DeCA) is experiencing a significant budget shortfall this fiscal year of $48.5 million. DeCA will continue to suffer from this approximate $50 million shortfall per year throughout the Future Year Defense Plan. DeCA was asked to propose how they might reduce or eliminate this shortfall. While DeCA is able to reduce the effect this year by eliminating some one-year expenditures, they will still suffer a shortfall of approximately $25 million for fiscal year 1997. Other proposals to fix the funding shortfall include: closing three DeCA regions; reducing the DeCA Headquarters and Operations Support Center; and taking over several commissary support areas from the Defense Logistics Agency (DLA). However, the savings from these actions cannot be effected before fiscal years 1998 and 1999. Because these actions are not sufficient to resolve the entire funding shortfall, DeCA has proposed closure of 37 commissaries. The recommended closures proved unacceptable by the Services. We are working with the Office of the Secretary of Defense to resolve the shortfall.]

Navy Answer. I understand that DeCA is experiencing a significant budget shortfall this fiscal year of $48.5 million. While DeCA was able to reduce the effect this year by eliminating some one-year expenditures, they will still suffer a shortfall of approximately $25 million for fiscal year 1997. One of the proposals advanced by DeCA to reduce operating expenses was to close 37 commissaries. No one is happy with that proposal and I understand that the Department's Comptroller, Dr. Hamre, is working hard to identify an alternate source of funding that would eliminate the necessity of closing stores.

Marine Corps Answer. Yes. To fix the funding shortfall, the Defense Commissary Agency (DeCA) is reorganizing. This management action is not sufficient to cover the entire funding shortfall. DeCA has proposed closing 37 stores to cover the remaining funding deficiency. Three of these stores are located at Marine Corps installations (MCAS El Toro, CA; MCAS New River NC; and San Onofre, MCB Camp Pendleton, CA).

Air Force Answer. The Air Force is not prepared to speculate on the changes that Office of the Secretary of Defense (OSD) might be considering. However, the OSD staff has released several cost-cutting proposals in the last few weeks. Some of these proposals reflect legitimate management efficiencies from reorganization at the headquarters and regions. The bulk of the savings, though, result from the proposed closing of 37 commissary stores. These proposals have not yet been presented to the DeCA Board or studied by the Air Force staff, so it is premature for Air Force to comment in any detail. However, it is fair to say that the initial reaction was extremely negative, especially with respect to closing high-volume stores in areas far from another commissary, or in remote overseas locations.

In addition, OSD released a draft report on their consultant study of how to provide the commissary and exchange benefit at locations impacted by base realignment and closure. At many locations, the study recommended ``hybrid'' stores (combined exchanges and commissaries). Air Force has consistently opposed these ``hybrids'' as an unacceptable erosion of the benefit. The only Air Force experience with ``hybrid'' stores shows that it does reduce appropriated fund (APF) costs, but

does so by passing them on to the troops. Under the ``BX-mart'' model, ``hybrids'' continue to sell food products at cost plus 5 percent. The patron pays substantially more for non-edible items (typically up to 40 percent of commissary purchases), with no increase in compensation. Exchange earnings drop due to the requirement to absorb the costs of selling food items at cost plus 5 percent, without the APF subsidy that the commissary formerly received for this purpose. As a result, there is less of a dividend to support Morale, Welfare, and Recreation programs. Thus the troops end up shouldering the burden of the APF support cut, either directly (through higher prices or surcharges) or indirectly (through reduced hours, services, or support to quality of life). The draft study report confirms these fears, as it shows reductions in appropriated fund support of up to 25 percent, and increasing the customer surcharge to 8 percent (vs the current 5 percent).

Question. How would a reduction in the commissary subsidy affect the enlisted personnel of the U.S. Services?

Army Answer. Commissaries are a highly valued benefit that permits all military personnel and their families to better manage their family budget. The non-cash pay supplement it provides--groceries sold at procurement cost plus a 5-percent surcharge--is particularly important to service members who have families. Many young service members, whose modest pay necessitates their use of food stamps, simply could not make ends meet without the price savings provided by the commissaries. Any reduction in funding would be reflected in the quality of service provided by the Defense Commissary Agency. Most likely, this reduction in service will take the form of price increases to the troops, store closures or a reduction in operating hours, all erosions of the benefit. This would have an adverse effect on our enlisted personnel.

Navy Answer. The commissary is considered the number 1 benefit by military personnel and their families. The non-cash pay supplement it provides is particularly important to the members of our force who have families. Any reduction in funding will have to be reflected in the amount of service provided by DeCA. Most likely that reduction in service will take the form of store closures or a reduction in operating hours.

Marine Corps Answer. The commissary is ranked as the number one non-pay benefit by military members, and it provides approximately a 29 percent savings over the commercial supermarket. Reduction in the commissary subsidy directly translates into closing stores or reducing store operating hours. This reduction in commissary service will hurt the junior enlisted Marines and their families, the ones who can least afford it.

Air Force Answer. Reducing the commissary subsidy through management efficiencies ought to be transparent to the customer. However, many of the current proposals would seriously erode the value of the benefit for all patrons, and would hurt the enlisted force especially hard. Reducing the subsidy would result in the troops paying for support that is currently a taxpayer responsibility, either directly (through higher prices or surcharges) or indirectly (through reduced hours, services, or support to quality of life).

To put things into perspective, the commissary produces between $2.00 and $2.50 in saving below downtown prices, for every $1.00 in subsidy. Looking at it a different way, a 1991 USDA survey shows that a family of 4 spend about $500 per month on food. Even without allowing for inflation, loss of the commissary benefit would cost the commissary shopper about $125 more per month. A typical E-5 with 8 years of

service and 3 family members currently earns just under $1,800 per month in base pay and rations allowance. Thus, the $125 cost increase amounts to about 7 percent of the member's pay, and would need to be offset with an equivalent increase. A 7 percent pay increase would cost the Department of Defense well in excess of $3 billion--and that would only cover the active duty force, with no additional compensation for members of the reserve components or retirees. The cost is significantly higher than providing the benefit through the commissary system.

[Clerk's note.--End of questions submitted by Mr. Young.]

Wednesday, March 19, 1997.

MEDICAL PROGRAMS

WITNESSES

HON. STEPHEN C. JOSEPH, M.D., ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS
LT GEN RONALD R. BLANCK, USA, SURGEON GENERAL OF THE ARMY
RADM S. TODD FISHER, USN, DEPUTY SURGEON GENERAL OF THE NAVY
LT GEN CHARLES H. ROADMAN, II, USAF, SURGEON GENERAL OF THE AIR FORCE
MCPO KAREN L.M. SAYERS, USN, SENIOR ENLISTED ADVISOR TO ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

Introduction

Mr. Young. The Committee will come to order.

This afternoon's hearing is on the Department of Defense's Health Program, DHP, and the military medical system. Our witnesses include Dr. Stephen Joseph, Assistant Secretary of Defense for Health Affairs; Lieutenant General Charles H. Roadman, Surgeon General of the Air Force, Lieutenant General Ronald Blanck, Surgeon General of the Army; Rear Admiral S. Todd Fisher, Deputy Surgeon General of the Navy; and we are also pleased to have Master Chief Petty Officer Karen Sayers, the United States Navy, who is the Senior Enlisted Advisor to the Assistant Secretary of Defense for Health Affairs.

We welcome all of you. We are very, very happy to have all of you here.

As you know, health care for those in our military and their families is a major issue for the members of this Committee.

Dr. Joseph, I am told that this may be your last appearance before this Committee, and I wanted to say on behalf of all of the members that we appreciate the good relationship we have had and the close cooperation that we have had with you as we try to work through some of the problems. And we wish you the very best of luck in whatever your future endeavors might be.

The Defense Health Program appropriation funds a worldwide military medical system supporting both peacetime and wartime operations. The 1997 appropriation provides for the operation of 115 hospitals and 471 clinics, staffed by approximately 147,000 military and civilian health care providers.

The President's budget request of $10 billion for this year for the Defense Health Program is approximately $167 million less than the 1997 appropriation, and, at first glance, it

doesn't seem unreasonable because of the overall downsizing of the military: Fewer beneficiaries to care for, a drop of about 1 percent since last year; eight fewer hospitals to operate in fiscal year 1998. In addition, the transition to managed care practices could mean that the DoD's medical system will become more efficient. Yet despite these considerations, there is some evidence that the President's budget request is not adequate to meet the needs of our military families.

With respect to this year, the General Accounting Office, GAO, believes that the fiscal year 1998 health budget is underfunded, possibly by as much as $609 million. And it is our understanding that the DoD now concedes its budget is underfunded by $274 million and that a budget amendment will soon be submitted to add this amount to the proposed 1998 budget.

As far as the future, according to GAO, the President's budget projects no program growth, from fiscal year 1998 through 2003. GAO believes that this plan is not realistic regarding the potential savings due to revised management practices.

The fact that the administration is proposing a budget that appears to be deficient is extremely unsettling. As you will recall, last year the budget for medical programs which you helped us identify was underfunded by $475 million. This Committee added those funds to fix the problem, but, again, a year later, it appears that the budget is coming up short.

There are a lot of other important issues that we will address this afternoon, such as medical readiness, quality of care, implementation of TRICARE and care for our medicare-eligible retirees. We look forward to your testimony.

We will place your statements in the record in their entirety and then ask that you summarize them and present them in any way that you would like.

Before we proceed to that, let me ask Mr. Murtha if he has any opening comments as the former chairman and a member certainly dedicated to the quality of medical care.

Mr. Murtha. Thank you, Mr. Chairman.

I just wanted to welcome Colonel Kupechella because she is retiring this year, which I was surprised to hear, but she is from my district. Her uncle still lives there and all her relatives still live there, and I am indebted to them because the first time I ran, I only won by 122 votes and they have 122 relatives who all voted for me.

Mr. Young. Dr. Joseph, again, thank you very much for being here, and we look forward to your presentation, and you have the floor, sir.

Summary Statement of Secretary Joseph

Dr. Joseph. Thank you, Mr. Chairman, distinguished members of the Committee.

Thank you for the opportunity to come up here once again, and I will probably say it several times during the hearing, but I want to thank you and the Committee for the support you have given to military medicine in the prior years. I would also like to pay a special thanks to your staff. We have had a very good working relationship with staff, and it has been very

constructive and helpful to us.

You are correct, I will be leaving the Department at the end of this month, and this, I believe, is the last hearing in which I will have the honor to participate.

My written statement is long and detailed, and I would like to submit it for the record and proceed somewhat more briefly verbally.

And I would also like to thank you for agreeing to have Master Chief Karen Sayers, our senior enlisted advisor, at the table with us. Her insights and experiences have become more and more important to us, and I think she may have some interesting things to contribute to today's discussion, particularly around the TRICARE issues.

During the past 3 years, the Congress, and especially this Committee, has been very supportive of our efforts to enhance quality, accessibility to military beneficiaries, and to deal with the cost demon. In particular, it was this Committee that was key in creating the Defense Health Program and that centralized the budget for all military medicine and really made it possible for us to achieve, my colleagues and I here, the service Surgeons General and I, to achieve new levels of collaboration and coordination. That is really the key to what we have done in the last few years, and I believe also the key to the future.

Despite the issues of change and uncertainty and the budgetary restrictions, it is what I tend to call Defense Health Program, Inc., that will make it possible for us to come through this better and stronger. And I think without the Defense Health Program change, we would not have been able to do that.

I wanted to show you just two sort of bottom line charts that will underline much of what I will talk about, and then we will come back to them.

The first shows what happened over the preceding years with the share of the DoD budget represented by health expenditures. And, of course, we were no different from the rest of the Nation, with this uncontrolled growth of health care, 14, 15 percent a year.

But what has happened, and I think this has not been at the expense of quality, access is still our greatest problem--I am going to talk about that--but we have been unable, unlike almost any other system you can think of in either the public or private sector, we have been able to bring that cost demon under control. But I remind you that we are now 6 percent of the DoD budget, where 15 or 20 years ago we were 2 or 3 percent of the DoD budget. That is the fact of life in modern health care.

The second slide shows what we have been able to do and expect to continue to do with the per capita rate, and we now are budgeting on a per capita basis, and that is also a key to success in this business.

The difference between those two lines, the original Program Objective Memorandum--POM projections and our requirements out now through the POM, that difference is $24 billion. So our cost avoidance, because of managing this system and moving to managed care, is a twenty-four billion dollar savings, but, of course, those savings do come at some expense

in the system, and that, I suppose, is the main issue that we are going to be talking about.

Let me say for a moment, though, before we get into budget and into TRICARE, some things about readiness, because in our strategic planning efforts together always for us readiness is job one, and we have tried to place an increased tangible perspective on the readiness issues, particularly following from the lessons learned in Desert Storm.

I have a list in my verbal testimony and in my written testimony of specific efforts and initiatives ranging from a medical skills training policy, getting a firm grip through what is called CC cost, the centralized credentials called the assurance system, of where our people are in terms of their readiness credentials at any moment; improvement in the force protection medical surveillance issues with the Bosnia deployment--I think I talked about that last year when I was up here--some new and very exciting developments in improving far forward care on the battlefield, using both advances in medical technology and information technology; some, I think, really important efforts that we have done on sort of the business side of readiness, logistics, purchasing of supplies and a better way to reduce our inventories and make more flexible and rapid our support of the troops.

I won't say anything more about those in detail because of time, but you may wish to come back to them, either with regard to Bosnia or onward thinking about medical force protection and medical surveillance, or the Persian Gulf issues in the discussion and question period.

TRICARE PROGRAM

TRICARE really is an evolution in military medicine, and we are progressing into a managed care environment. I was thinking, as we were getting ready to sit down, that in my professional lifetime, which really hasn't been that long, I have seen medicine change from a cottage industry to a corporate endeavor. That is the reality. We can bemoan some features of that--I bemoan the loss of the good old family doctor--but the reality is, medicine has changed from a cottage industry to a corporate endeavor.

We have seen in a few short years military medicine change from three cottage industries into a corporate endeavor. That is an evolutionary process. It has great strengths when it is done right. It has some problems inherent in it, and I think we should confront and talk about those problems, as well as the successes, and I will try to do that.

Let me talk about some of those difficulties in specific terms. Again, I put those in context. I think we are making very good progress. I think this is a much stronger system than it was a few years ago. I am convinced we are on the right road in terms of balancing that triangle of access, quality, and cost containment, but it is not without pain and it is not without difficulties.

For example, as each of our large managed care support regional contracts stand up, we invariably have problems. Traditionally--we say traditionally now as we have been through four or five of them--each contractor has operational

difficulties in making the transition, in getting the networks up, in getting marketing materials out, and being ready for that date of transition to actual services. I think we have less problems now each time than we had at the beginning, but they are not absent.

Increasingly we are aware of the complexities of claims processing, and we are working very hard at this, but the issues of making sure that the contractors process claims quickly, accurately, and fairly is another one when you move from a cottage industry, where the one lone doc is sort of managing his or her books out of his black bag, to a corporate entity, where you are dealing with large volumes in a structured system.

We have taken the necessary actions in certain instances, and in one of the regions we have cited for deficiencies, we have exerted financial penalties: In one case, a $200,000 fine on one of our managed care support contractors and put the kinds of pressures that we are able to put to make sure that we have adequate performance on the claim processing side. But, again, it is not an area where I can say we are without problems.

Some of the policy differences and difficulties are based on operational differences between the military health care system and our civilian partners in this system. One issue that I know you have heard about is the issue of multiple copayments by beneficiaries when they are referred for additional services such as laboratory tests. These tests, when performed by our network providers, often are done by different providers in the network, and sometimes separate charges are incurred. This should not happen, and we are changing the applicable regulation so that tests associated with a particular episode of care will be considered all one visit.

Second, there are occasions when beneficiaries enrolled in our prime network, in TRICARE Prime, the HMO option, receive services from providers who are not a part of that network. They may not have a choice, such as who gets the particular anesthesiologist who was at the operation, or it may be a situation where there is not time to make a choice such as calling an ambulance in an emergency situation.

In this instance, sometimes the charges then billed to the patient can be well above the CHAMPUS allowable rates. To correct this inequity, we will need relief from restrictive language in the Appropriations Act, and we would be happy to come back up to you later with the specifics of that, because on some of these difficulties that I am describing we can fix ourselves and we are bound to fix them ourselves. But others, such as the one I have just mentioned, we need help from you.

The third example which comes up frequently involves our reimbursement rates, which are tied by statute to the medicare patient levels. We are doing pretty well in bringing the CHAMPUS reimbursement rates down to the medicare level, which you asked us to do and which we should be doing, and that is good business.

There are about 7,000 reimbursable services in the medicare schedules, and currently 61 of those 7,000 we are actually paying rates that are below the medicare rate schedule. We hear a lot about that. I am sure you hear about that.

We do require legislative assistance and a rule change in order to be able to move those rates up, those 61 categories up, so that they are equivalent or equal to the medicare rate level, and we should do that. We should be, in my view, just on parity with the medicare rate.

PORTABILITY OF BENEFITS

Another issue is the one that Mr. Murtha and I were--no; I guess you and I, Mr. Chairman, were chatting about before the hearing, this issue of portability between one region and another. We now have 12 regions in CONUS. They should be all on line and operating by the beginning of calendar 1998, and we have got to solve the problem of the person who is enrolled in one region and who then is transferred to another region, or who gets deployed to Bosnia and the wife and kids or the husband and kids go back home to another region and stay with the parents while the member is deployed.

We have got to have portability and visibility of records and charges and the rest through the system. We are working very hard on that issue. We are instituting a large number of change orders in the existing contracts, and before the end of this calendar year we should have a portable, visible system.

Those are some of the most important problems I can think of. There will be others. There will be new ones we haven't thought of. But we think the system is strong. We are capable of change. There is tremendous change, uncertainty, and turmoil in the overall medical care sector, health sector in this country, and, of course, we are not immune to that.

You directed the centralization of our military medical budgets, and from that direction has emerged a far more collaborative and energetic military health services system, and I believe you should be proud of that accomplishment. I want to thank you once again for your support and the many programs and initiatives for the military health services system while I have been at the helm. It has been a tremendous experience and a great privilege, and the best part of it all has been working with people like the people who are at the table with me.

Thank you, Mr. Chairman.

[The statement of Dr. Joseph follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Young. Dr. Joseph, thank you very much.

General, Admiral, do you have any opening comments to make before we go to questions?

General Blanck. Yes, sir, we do.

Mr. Young. General Blanck.

Summary Statement of General Blanck

General Blanck. Sir, we do. Thank you very much. Thank you for the opportunity of both appearing here and to take the time to comment on Army medicine. I am particularly pleased to be here as a brand new, though by now somewhat used, Surgeon

General. This is my first hearing with you.

The Army, like the other services, is dealing with the challenges, of course, of downsizing, resource constraint, more deployments, and, in fact, different missions of disaster relief, humanitarian assistance, of course peacekeeping, and we are finding some real challenges in that. And, of course, medicare we are also, as Dr. Joseph alluded to, trying to get into managed care with the pieces of health promotion and prevention that are so important in all of that. So this is a lot of change for us.

The Medical Department is, therefore, reemphasizing what is unchanging about our system, and that has to do with our values, our core values, the Army's values of courage, candor, integrity, selfless service certainly. We see examples of that all the time in the, I think, unique value of military medicine having to do with our absolute commitment to those whom we serve: Our patients, soldiers, family members, retirees and their family members, and then looking again at what is the same today as it was when I first entered the Army 28 years ago, and that is our core functions, which are to deploy a healthy force--again, that emphasis on prevention and health promotion, deploy a ready medical force. Readiness has already been spoken of. And, of course, managing the care of all of our beneficiaries, and increasingly we are doing that as we downsize the direct care system through our managed care contracts or civilian colleagues.

PRIORITIES

Let me just then, with that as a background, tell you some of the priorities that are, again, described in detail in my statement. The first is evacuation from the battlefield, and we are working with others on funding for the 60 air ambulance that will allow us to do such evacuation. We have received funding for the first four of those and look for another 15 next year.

We are also testing ground evacuation modalities. We have an armored medical transport and treatment vehicle. The prototype is at Fort Hood and is part of the exercises going on there, and at the National Training Center at Fort Irwin. So we take evacuation very seriously, and it is my number one priority.

MEDICAL PERSONNEL

Close with that is our personnel. We are doing throughout the active side of the house reasonably well in personnel, with the exception of Dental Corps officers. We are an aging force, and we have great difficulty in attracting new dentists into the force and keeping them. So we are working on measures on that. And of great concern to me--and I have spoken about it before in other meetings--is the problem with Reserve physicians, to a lesser extent Reserve Dental Corps officers.

What has happened is, we have kept a lot of those who were on board in Desert Shield/Storm. We didn't have the losses I anticipated after that deployment, but we are not getting very many new folks in. For the Army, this is particularly important

since 70 percent of our deployment forces are in the Reserve components, and without the young physicians coming up and filling those positions, we would have great difficulty in filling all of our positions were we to deploy all of our hospitals.

TERRORISM THREATS

The next issue is on terrorism. I think all of us are taking very, very seriously the threat particularly of chemical, biological, and radiation terrorist incidents here or abroad. I have directed the formation of contingency teams to deal with that, to add on to what is already in existence at Fort Detrick and at other places. Tripler already has teams, as does Walter Reed and some other places. We are also doing increased research in this area.

The Medical Research and Materiel Command has now a deployable laboratory, state-of-the-art equipment ready to go anyplace to do immediate diagnosis or come up with whatever agent it is that is causing illness in such a terrorist incident.

We also, thanks to funding, have on the World Wide Web all of our technical and field manuals having to do with chemical and biological medical defense so that Reserve organizations or other organizations can go to the Internet and pull down this information. We will send CD-ROMs for additional education, and it is an excellent way to proliferate the information that we have so that those who will be the first responders, local fire and police departments, Reserve units, are up-to-date on what we know.

And finally, the Association of Military Surgeons meeting this November in Nashville, Tennessee, of which the Army has sponsorship, will have as its focus medical defense against chemical, biological, and radiation terrorism. We will have five days of solid educational efforts on this issue.

By the way, we will use distance learning so that Reserve units and others can tap into this and in realtime get the educational program.

TRICARE PROGRAM

TRICARE has been spoken of. We are taking that very, very seriously and working very hard to deal with the issues that are almost inevitable as we implement such a program. Let me assure the Committee that, going back to our values, managed care, as part of TRICARE, is for us a system to facilitate, not deny care. It is a system that we are trying to use to get care to the appropriate level, not to limit it to primary care, but we find that often primary care is the right level. So it is a way to truly manage care, with the bottom line not being the dollar but being quality of care.

Technology, of course, continues to be one of the ways that we are leveraging our resources to provide that quality and even more accessible care. You have heard a lot about telemedicine in previous testimony, and we are very pleased with the deployment of it in Bosnia and the use of it in various other sites on board ship and at the Walter Reeds or

Triplers or whatever of the world.

Technology, however, is more than telemedicine. It is also the MediTag, the little tag we have under development, where a soldier has a 20-megabyte chip with their medical information on it, can be read at various levels of care. It is the vaccines that we are currently developing in Thailand in cooperation with the Thai Army to get at malaria and Scrub typhus and Dengue. Dengue was the disease in Haiti that caused the most problems and made most of our service personnel nondeployable or at least unable to carry out their mission, and we have a vaccine that we are testing for that.

The personnel status monitor, which allows commanders to know where their troops are and at the same time to measure their physiologic responses--all very, very exciting programs that we are spending a lot of time on and trying to use to leverage the health care.

Ultimately, however, with all of the technology and all of the managed care and everything else that I am trying to emphasize and we in Army medicine are clearly emphasizing, we are still looking at what we are all about, which is taking care of patients one patient at a time. And I take great pride in that.

Thank you very much.

[The statement of General Blanck follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Young. General, thank you very much.

Admiral Fisher.

SUMMARY STATEMENT OF ADMIRAL FISHER

Admiral Fisher. Thank you, Mr. Chairman. Thank you very much for allowing me the privilege of testifying today for Vice Admiral Koenig on behalf of Navy Medicine. Admiral Koenig regrets not being able to appear before the Committee today.

I would like to begin my remarks with a reiteration of our commitment to maintaining the readiness of our sailors and marines. For us, keeping sailors and marines out of the hospital, healthy, and on the job is the definition of readiness.

As we approach the 21st century, the changes in our culture and environment are occurring at a phenomenal rate. These changes are a challenge but also an opportunity. If we are to succeed in the future, we must restructure, reorganize, and rethink how we do business.

MANAGEMENT INITIATIVES

There are four management initiatives that we have established to help us meet our mission: Taking health care to the deckplates, moving information and not people, customer-focused business process reengineering, and making TRICARE work. Our mission to maintain the highest levels of readiness will be greatly enhanced by these four initiatives.

When we talk about taking health care to the deckplates, we

mean that we must provide medical care to our sailors and marines as close to their workplace as possible. This initiative is benefiting us in cost savings and reduction of lost man hours.

We have placed medical generalists and specialists pier-side, with our aviation squadrons and with the Marines in the field. We have deployed dietitians, physical therapists, and clinical psychologists with our carriers to improve the health of our sailors. We have improved the diet of our fleet sailors, bringing unparalleled gains in health promotion and wellness for our people.

The physical therapist now deployed on board the USS ENTERPRISE is demonstrating that prevention and early treatment of musculoskeletal injuries can reduce the impact of those injuries, the primary source of lost man hours and limited duty restrictions among our shipboard sailors.

A clinical psychologist now deployed on the carrier KITTY HAWK has drastically reduced the number of medical evacuations from this platform for psychological reasons. These medical evacuations have historically constituted one-quarter to one-third of the sailors lost the ship's crew each deployment. Now less than two percent of those seen for psychological distress during deployment are lost to the job.

The Marine Corps is benefiting from these efforts as well. Marine recruits are receiving dental care literally on the firing range. This saves valuable training time for the Marines while allowing dental personnel to train with dental field equipment, enhancing our medical readiness.

Another health care to the deckplates program established by Naval Hospital Camp Pendleton is a sports medicine clinic at the Marine training sites. This saves our Marines a 42-mile round trip to the hospital, the number one cause of lost man hours.

INFORMATION TECHNOLOGY

The second initiative we are focusing on is moving information, not people. This initiative ties in very closely with health care at the deckplates. By deploying telemedicine and teleradiology with our fleet, we are able to provide information between our medical professionals at sea and our premier medical facilities. This is enhancing the quality of care for our forward deployed men and women while saving taxpayers dollars and sustaining operational readiness.

Medical evacuations have been drastically reduced, and, when necessary, the time lost to the operational command has been minimized. For example, a specialist in San Diego used this technique to diagnose a kidney stone in a sailor stationed in Antarctica. This avoided what would have been a very costly medical evacuation because they had buttoned up the runway for the winter. It would also have drastically eroded mission effectiveness down there.

A dermatologist at Bethesda was able to diagnose a basal cell carcinoma next to a sailor's eye halfway around the world. Although the sailor needed treatment beyond the capabilities of the ship, necessitating medical evacuation in his case, the sailor was returned to duty in 7 days, which is a dramatic

reduction in lost man hours, due again to telemedicine.

These are only two examples of the hundreds of applications that are benefiting the Navy and the American taxpayer. Technology is also allowing Navy medicine to reduce its operational ``footprint'' needed to support military medicine. Telemedicine and the practice of moving information, not people, is paying huge dividends in Navy medicine in terms of quality of care, cost savings, and readiness.

CUSTOMER SERVICE

An important area of concern for Navy medicine is customer service. We have embarked on an ambitious journey to become an organization recognized for customer focus. Restructuring our business processes around our customer is our first step on this journey.

We have also put into place a Navy-wide customer relations program to enhance our people skills and improve patient satisfaction. One of our most successful reengineering efforts is the delivery of prescription medicines to our customers through the use of drive-through pharmacies, automated pharmacy refill systems, and decentralized refill pickup points in nonmedical facilities.

The pharmacy delivery changes have freed up valuable parking spaces and have allowed us to realign personnel to serve our customers in other areas. This is just one of the processes we have reworked to improve patient satisfaction.

The Breast Cancer Center of Excellence at the National Naval Medical Center is another service Navy medicine is particularly proud of. It has provided increased access to medical care for over 500 women each month. This center has become a benchmark organization and a tremendous resource for delivering high-quality, patient-friendly, and low-cost health care to women in need.

Through reengineering and research, Navy medicine is examining everything about our organization and how we do business. This is resulting in higher quality of care, greater efficiencies, and increased readiness.

With the costs of providing health care benefits becoming more and more expensive, we must ensure the success of TRICARE if we are to continue to provide quality health care to our beneficiaries. Part of the success of TRICARE depends on educating our customers. We are using every means possible to provide that education.

Making TRICARE work also requires us to become as efficient as possible. We are using data analysis of our core functions to ensure our operations are customer focused, efficient, and provide the highest medical care to all of our beneficiaries.

Mr. Chairman, Navy medicine has positioned itself for success in the 21st century through our efforts in reengineering, our business processes, leveraging technology, focusing on our customers, and working toward a successful TRICARE program.

I am proud to represent the dedicated men and women of Navy medicine here before you today. I would be pleased to answer any questions you or the members of the Committee may have.

Thank you.

[The statement of Admiral Fisher follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Young. Admiral, thank you very much.

General Roadman, we will be glad to hear from you now, and then we will get to those questions.

Summary Statement of General Roadman

General Roadman. Mr. Chairman and distinguished members of the Committee, thank you for the opportunity to address the goals and accomplishments of the Air Force. My voice isn't normally this way, but we just haven't figured out a cure for the common cold.

The military services, as is DoD, are going through tremendous change. The mission of the Air Force has been, and continues to be, to be ready and to support contingency operations worldwide and provide comprehensive community health care.

INITIATIVES

In order to do that successfully in times of change, we have developed a strategic plan which has four pillars, four strategic initiatives, that will support our mission. Those four pillars are medical readiness, deployment of TRICARE, right sizing, and build healthy communities. These four pillars support the roof of our strategy, which is customer satisfaction.

Our first pillar is medical readiness, and in medical readiness the tasks that we have are to oversee and manage two primary areas or programs. First is air-transportable hospitals and fixed-wing tactical and strategic aeromedical evacuation.

To achieve these objectives in the area of air-transportable hospitals, we are going through a reengineering process, as are all three of us, in trying to increase the modularity, increase the clinical capability, and increase the flexibility of our deployable assets while putting an emphasis on smaller logistics footprints within the theater. And this should result in the combat CINCs or theater CINCs being able to modularize and optimize the assets they put in their theater according to their assigned mission, as we talked about missions changing post Cold War.

While we recognize the biological and chemical warfare threat, we also have and are executing our goal of having all of our air transportable hospitals--ATHs chemically hardened by the end of 1999 and to identify and to put in development protection teams for prevention of infectious disease and chemical and biological agents to monitor health risks and impacts both to the nation and to individuals.

In Airevac, we have initiated a concept of a doctrinal change called ``care in the air.'' It is really aimed at rapid evacuation to include shock-treated patients after initial stabilization. We have established new teams and restructured how we are going to deliver care, and the two trauma teams I

will tell you about are our Flying Ambulance Surgical Teams, or our FAST teams, which provide rapid disaster surgical response, such as we provided immediately following the Al Khobar bombing in Iran.

Our critical care, aeromedical transport teams, which we call Ccatts, are successfully augmenting our standard Airevac crew for critically ill patients. If you think about our old Airevac system that we have had in the past, we have really moved stabilized patients, where they were post-op for several days so they didn't require a great deal of care from port of embarkation to debarkation. As we look at moving patients that require more critical care, the training and the equipment and the intensity will change.

Now, we sent a team like that into Ecuador 6 months ago following the airplane crash, and we have that tape, Mr. Chairman, if you want to show that at a later time.

TRICARE PROGRAM

Our second pillar in the strategy is to deploy TRICARE, and we say deploy TRICARE because right now we are in the contract deployment phase and it will deploy TRICARE at the beginning of next calendar year.

It is important to realize that TRICARE provides us a strategy as well as a structure for maintaining a ready military medical force needed to deter and fight our nation's wars in a time of downsizing. It is built around a core of active duty, supported by ready Reserve and Guard forces, and wrapped around that is a TRICARE wraparound support contract to enable us to deploy forces and continue providing care in our facilities.

Recent surveys have shown--and I think Dr. Joseph talked about the irritations, and I think that is what was discussed in this morning's panel--as we talk about deploying TRICARE, we must let TRICARE mature, and this is a very complicated program that we are putting in. Data where TRICARE is mature shows that 9 out of 10 people are satisfied with their access and quality of care and would re-enroll in TRICARE.

However, I would say that our greatest concern remains getting the contracts in and matured while continuing to provide care for our Medicare-eligible retirees who cannot participate in TRICARE.

We fully support DoD's effort to obtain legislation for Medicare subvention as the best way to establish a seamless health care benefit for all of our beneficiaries.

RIGHTSIZING MANPOWER LEVEL

Our third strategic pillar is rightsizing. The Air Force Medical Service is evaluating the extent to which we can rightsize our manpower levels and capabilities consistent with meeting both of those missions. We prefer the term ``rightsizing'' to ``downsizing'' because we are confident that this is the right way to deliver high-quality, cost-effective patient care in a declining resource environment.

We recognize the shift to ambulatory service. We recognize, from our readiness perspective, there is a diminished need for

beds. We recognize, from a quality perspective, that our patients may well be better served by institutions having higher volume than our small hospitals with low census in just maintaining skills. And from a cost-effective perspective, there is a potential to save funds and assure access to quality care in the locales where sufficient civilian and military medical capability exists.

Let me assure you that our rightsizing approach relies extensively on the right balance between civilian and military health care in a partnership. Reduction of our forces requires careful management of attrition, retirements, coupled with effective force-sculptina initiatives and assurance of a training platform to maintain war skills. The rightsizing pillar will ensure sustainment of a viable workforce while minimizing the impact on quality of life of our medical service members and our beneficiaries.

READINESS

Our fourth pillar, which is building healthy communities, is really the cornerstone of TRICARE in our readiness efforts. Using disease prevention, health promotion, and fitness initiatives, we are moving the Air Force from a repair-oriented health care delivery system to one of maintenance and enhancement of performance and quality of life.

Programs such as Putting Prevention Into Practice, which targets identified preventive health needs in every patient encounter, extensive patient and provider education programs, and health and wellness centers found at every major Air Force installation, all put Air Force health care on the cutting edge of prevention, and that is really trying to get after the demand for demand. If you don't need the health care because of prevention, then the cost and the availability and access will go up.

These four pillars ultimately support the end goal, if you will, of our strategy, which is customer satisfaction. Customer satisfaction is the responsibility of each and every member of our medical service, from senior leadership to the most junior airman. For our customers to be satisfied, we must ensure they are combat ready, that they have access to high care, maintain high quality of life, and we must measure that satisfaction, and we are well on the way of measuring that.

Mr. Chairman, I can assure you that the Air Force Medical Service is strong. We have a strategy and a vector to assure optimization of quality, cost, and access and ensure mission capability.

I extend my appreciation for all the members of the Committee and their support of Air Force medicine. With your help, the Air Force Medical Service will continue to meet today's and tomorrow's many challenges while preserving high-quality care that all of our people deserve.

Thank you, sir

[The statement of General Roadman follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

TRICARE PORTABILITY

Mr. Young. I want to thank all of you for very excellent statements. You have apparently stirred up a lot of questions that we hadn't even thought about as you made your presentations.

So we will expedite the questioning period now. Dr. Joseph, you mentioned portability. This was discussed at the hearing this morning with the master chiefs and the sergeant majors.

What are you going to be able to do to solve the problem that they called to our attention, and that you indicated, when a soldier moves from one region to another? The way they put it was, they go to the bottom of the list and start all over again. What is the problem, and what has to be done to avoid it--or to correct it?

Dr. Joseph. Well, the problems are several. Obviously, with our regional TRICARE structure now, insofar as the civilian contract support is concerned, we have different contractors in the different regions. When those contractors have sometimes different information and data systems that--and also sometimes for their own business reasons they may not be anxious to share with what are essentially competitors in other regions.

So what we have to do is ensure that the standards of access, the standards of care, the information about care that is given, and the enrollment mechanisms of care are portable from region to region, so that when an active-duty member and family who are enrolled in TRICARE Prime--because it is the TRICARE Prime benefit that we are talking about here--in Region 12 are transferred to Region 3, they don't have to disenroll, re-enroll, and start the process again.

Mr. Young. Do they have to do that now?

Dr. Joseph. As of now, we do have to do that, and that is going to change, and by the end of this year we will have portability of enrollment and information flow transfer across all the--all the CONUS regions. In part, that is a matter of our patient information and data systems coming up on line, which they are, our ambulatory care data system coming up, and in part it is a matter of the specific contract requirements for the patient management information in the contractor sense--in the contractor's hands.

We have, as I think I said in my verbal comments, a large number of change orders going into the existing regional contracts which will assure that, and in the contracts still to come up in Regions 1, 2 and 5 we will have those mechanisms that ensure portability. When this hearing takes place next year, you will see a very different situation with regard to visibility and portability across the system. It does need to be fixed.

Mr. Young. We are writing that down.

Dr. Joseph. Oh, that is fine.

MEDICAL CARE FOR RETIREES

Mr. Young. Most of us have elderly constituencies, and many of us have a large population of retired military. When they reach 65 now under TRICARE, they don't have the benefits that they expected to have.

You mentioned subvention. I have heard the word ``simulation'' used as a way to try to figure out how to approach this problem and solve this problem. What are you thinking about? What kind of plans should we look forward to, to help us relate to our over-65-year-old retired military constituents?

Dr. Joseph. The single largest remaining problem in the Military Health Services System--MHSS becoming an effective managed care system and meeting its readiness requirements is the problem of being able to provide care to the over-65 beneficiaries. We are not meeting our responsibilities to this group. We are not meeting our commitment to this group. We could argue about whether the fine print in the recruiting brochure said they were promised free care or care. The fact is that we have an obligation, a particular obligation, to this group and we are not meeting that obligation.

We need a way to be able to offer enrollment into the TRICARE system to the over-65 beneficiaries consistent with the fiscal health of the system because our job here is to always balance those three things. I sometimes say, only half in jest, I know how to save 30 percent of the health care budget; we will just close all the hospitals Tuesdays and Thursdays each week. That is not what our task is.

So we have to find a way to make it fiscally possible to carry out our commitment to the over 65s, and we have to do that not only because of that commitment but because the readiness requirements that you have heard us talk about and the ability to not only stay sharp through seeing a wide range of medical and surgical cases but also to have the kind of quality system that will attract and retain the kinds of quality people we have in our doctors and nurses currently in the system. We have to have a robust and well rounded system.

So it is not just an altruistic motive, there is a very important self-sustaining readiness motive in being able to bring the over 65s--keep the over 65s in the system.

Now--and I am sorry my answer goes a little bit long here, Mr. Chairman. Now, as we get more efficient in TRICARE and as more and more of our beneficiaries who can enroll, which currently excludes the over-65s, do enroll in the system, the space-available care that used to be wide open and available to our over-65s back in the eighties gets squeezed down further and further. And one part of our job is to squeeze that over--space-available care down further and further, and the duel-eligible beneficiaries, the over-65s, see that, and they understand it, and they see their access evaporating. So we have got to find a fiscally responsible way to make access available to them.

MEDICARE SUBVENTION PROGRAM

We believe that the best way to do that is through the medicare subvention process, to enable the DoD to receive reimbursement from Medicare for the care of those duel-eligibles, the same that Dr. Brown downtown or the Health Maintenance Organization downtown can receive reimbursement for care of those eligibles. And we have come to an agreement within the executive branch with Health Care Financing

Administration and Office of Management and Budget in doing a demonstration of that concept so that we can prove our contention, which is, we cannot only do it better and we cannot only strengthen the health of our system by doing it better, but we actually can do it cheaper, if you will, for Medicare than what they are paying elsewhere for it. A legislative proposal to that effect is in the Congress now.

We came very close at the end of last session to getting subvention. We hope, and I think have reason to feel somewhat confident, that we will get something this time. We need your help with that. If we don't get it this time, I think we are in very much a tough place.

The beneficiaries have stuck with us on this longer than one might have expected us--them to. I think they have understood that we are trying, but trying is not the same as accomplishing. I think if we do not get subvention this time, the calls for other approaches rather than enabling the dual beneficiaries to come into the TRICARE Prime system supported by Medicare financing may become overwhelming. And I think, that would be less good for the beneficiaries, and we can talk about the reasons why that is so. I know it would be more expensive for the beneficiaries and for the government. And third of all, that would be a very significant blow to the quality of the readiness and the rest of the health care system.

So subvention is what we need. A demonstration is a step to get it. The idea of some kind of a simulation or a preparation for a demonstration is sort of getting ready to get ready to do what we need to do. I think all of us are frustrated by the length of time this is taking, but it is the best result for us to work towards.

Mr. Young. Well, now, while we deal with the issue of subvention here in the Congress, and you have conceded the problem, you have said we need to do this and we need to do that, subvention is big in your mind, but do you have a task force or assigned staff who are dedicated to review this problem to come up with recommendations, or are you just standing by waiting for the Congress to deal with subvention?

Dr. Joseph. Oh, no, anything but. We probably spend more time in aggregate on the Medicare--on how to work around this problem, how to keep the beneficiaries in the system, how to make the best use of the space available by maximizing what we do do inside the Military Treatement Facilities and yet how to work to a position where we get paid for it than almost any other issue. And there are a number of dedicated staff in my office. Each of the Surgeon Generals, SGs has a group of people that works on this problem.

This gets a good deal of attention, and the military line has been very supportive of getting subvention across. We just haven't--I mean, we haven't been able to roll that rock over the top of the hill. We were very close last session. It was a bitter disappointment, and I just would say once more, in a kind of valedictory way, if we don't get it this time, I think the whole system is threatened because of the importance of this in the whole fabric, not just in terms of our responsibilities, which are undoubtedly there, to those beneficiaries.

Mr. Young. Well, this is a big issue for us, as you can understand.

Mr. Murtha.

MISDIAGNOSIS ISSUES

Mr. Murtha. I have a couple of specific questions.

Now, in my family, I have always misdiagnosed things, like one time I thought I had a sprain, it was a broken ankle; and a friend of mine kept telling me all these symptoms in his chest or in his stomach, and I said, ``Well, you have got a gall bladder problem.'' And he said, ``Well, my gall bladder has been out for 10 years.''

I just wonder what happened to that guy with a kidney stone. One thing I can diagnose is a kidney stone in myself, because there is no other feeling like that. Now, you had this guy out in the middle of nowhere, and you said you diagnosed it, but what happened to the guy?

Admiral Fisher. In this case, the doctor performed an ultrasound, examination which produced a digitized image of the patient's lower quadrant; identifying the location of the kidney stone.

The doctor in consultation with a specialist at the Naval Medical Center in San Diego decided to monitor the kidney stone and provide necessary pain mediation to the patient until the kidney stone passed. The patient passed the stone within 24 hours and the chosen course of treatment worked out very well.

Mr. Murtha. So they could diagnose that he would pass it. The danger would have been, if they were closing down that runway for the winter, that he wouldn't have passed it. But you were sure enough that he would pass that--I mean, there is nothing more excruciating or uncomfortable than a kidney stone.

Admiral Fisher. That is what I understand.

Mr. Murtha. I mean, this guy standing back there wherever he was on the television set, that is one thing, but that poor guy that has that stone, that is a different situation. But you were--he was sure. The doctor, he or she, was sure that this was going to pass his kidney stone because of the size, I guess?

Admiral Fisher. Yes, sir, I believe so. I'm not familiar with all the details regarding the case.

MEDICAL PERSONNEL REDUCTIONS

Mr. Murtha. Well, I know the doctor told me, as long as it hurts, you are all right, because it is moving. That is small consolation for a kidney stone.

Now, at Walter Reed we found out--we were out there, our expert here, and we found out that they are going to cut back 75 nurses. I can't believe that. I mean, I can't believe, as hard as we have worked trying to upgrade military medicine, that you are going to cut 75 nurses out at Walter Reed. Is that accurate?

General Blanck. I don't know. I assume if they told you, it is, sir. But I can give you a possible explanation for it, because when I was at Walter Reed, before taking this job, I also cut positions for nurses and for other health care

providers and for support staff. I am not sure we have done that in the right proportion, but what happened was the following:

When I got there in 1992, we ran 600 beds full at Walter Reed Army Medical Center with patients who stayed for a fair amount of time after their gall bladder surgery or were admitted 2 days before they had the inguinal hernia surgery and stayed 2 days after or used the system more than now quality of care demands or facts even suggest is healthy.

When I left Walter Reed, seeing the same number of patients a day, approximately 3,000 outpatient visits per day, we had 340 inpatients. So the base is the same.

Now, the reason we came down in that and don't need as many nurses----

Mr. Murtha. I mean, I understand what you are saying, but let me tell you what happened at Bethesda. Now, you have 26 or 27 doctors out there. Those 27 doctors are supported by three people. The doctors have to fill out the administrative work. The doctors have to answer the phone or the phone goes unanswered.

Now, I remember General Sullivan said to me, you are going to have more nurses than you do infantry people before long.

Well, the point is, you can't allow that service to get down to the point where it is unproductive, and that is what it looks like, to me, is happening.

Now, I don't know enough about medicine to know, but I wish you would relook that and make sure that you are not cutting back so that the people suffer.

General Blanck. But you have put your finger on something that is very, very important, and it is an issue that indeed we are looking at. We have become to a certain extent unbalanced, and what we need to do is make our providers more productive with increased staff, support staff.

Mr. Murtha. Let me go vote, and I will come back.

Mr. Young. We will reserve your time, sir.

Mr. Murtha. Thank you.

Mr. Young. Mr. Bonilla.

Mr. Bonilla. Thank you, Mr. Chairman.

Gentlemen--by the way, Dr. Joseph, we appreciate your service and wish you the best of luck in your future endeavors. What are you going to be doing?

Dr. Joseph. My colleagues are anticipating. It is time for my wife and I to keep some promises we made to ourselves a few years ago that in the spring of 1997 we would move aboard our sailboat and see some blue water for a couple of years.

Mr. Bonilla. Well, good for you. Good luck.

Mr. Young. That sounds good.

COMBAT-READY HEALTH CARE

Mr. Bonilla. Have a great time. You deserve it. One day maybe I will do something like that. I don't know when.

Gentlemen, let me start out by making reference to the written testimony that was submitted in each case and which was something that struck me, there is almost no mention of combat care, and while we have all been asking questions about your normal health care plans for enlisted personnel and health care

for retirees, which we are all hearing about back home, but it just struck me that we are not hearing a lot anymore about combat care.

Is it something that we need to worry about in this day and age? Is it something that is still occurring out there? Are we dealing with the triage and the acute injuries and the things that we need to be ready for in the event something does happen?

Dr. Joseph. I think in each of our statements, Mr. Bonilla--perhaps we didn't highlight it up front enough--each of us talked about not only the importance that we are placing on the far forward readiness mission but the great changes that are occurring there. And the changes are of two kinds, and I think you can really tease that out of each of the statements that have been made:

One, the requirement for a faster, further forward, lighter, and more essential medical presence is very real as we have smaller deployments, as we go into more unusual areas, as we have different kinds of missions. That is one half of it.

The other half of it is the very rapidly expanding technologic frontier. Whether you are talking about what would be the number one most important thing and will come within the next couple of years, I believe, which is an artificial blood substitute that is not temperature dependent and that can carry oxygen as red blood cells do, or whether you are talking about the medical record that the individual trooper can wear on a chip around his or her neck so that the medical record really can get back and forth, or whether you are talking about the changes in the kind of intensity of medical care we need to provide during evacuation from these different deployment circumstances.

There is a big change coming from the technology, and it is coming into a situation where we really need to revise very dramatically our ability to be lighter, faster, and more agile. And all the individual services, and we, corporately, have been working very hard at that. And I think they may want to go back and pull out those comments in a different way because that should have come--really, that is sort of job one. That should have come through clearly in the testimony.

Mr. Bonilla. General.

General Roadman. Let me, if I can jump in----

Mr. Bonilla. Sure.

AIR FORCE COMBAT-READY HEALTH CARE

General Roadman. Congressman Bonilla, the flying aid on a surgical team, for example, is a cohort of 15 people, able to go in with about 600 pounds of equipment and take care of 15 to 20 lifesaving surgical procedures in buildings of opportunity. So we are no longer thinking in the old terms of, we will send in an air-transportable hospital. We are really looking at a very clinically oriented, small, almost SWAT team approach to get in and be able to take care of smaller encounters rather than the Russian NATO encounter that we had as our strategy in the past.

In addition, we are talking about very quickly moving people out of the theater in those Critical Care Aeromedical

Transport Teams--CCATTs, and I am sure from Texas, you know that Wilford Hall has been instrumental in developing that doctrine and fielding and the testing of those issues.

So I think probably we didn't emphasize it enough. It is clearly consuming a tremendous amount of our time of being lighter and more agile.

The importance of lighter and more agile, just to give you an example, our Air Transportable Hospitals--ATHs, which you know were into the desert for Operation Desert Shield within the second day of deployment--1 ATH, Air Transportable Hospital, takes seven and a half C-141s. I mean, it is movable but it really requires a lot of strategic lift.

What we are doing with Air Transportable Hospitals now is with the technology, with modular capability, identifying exactly what needs to go in to the point we have it designed to go in with one 141 and think about the strategic lift saved. So we are spending a lot of time thinking on those issues.

ARMY COMBAT-READY HEALTH CARE

General Blanck. What we are also doing, sir, Research Medical Materiel Command, the research and development folks up at Fort Detrick have as their major thrust and focus to look at technologies and other research so that a soldier will survive longer in the battlefield, and the reengineering efforts that we have in evacuation, in converting all of our Mobile Army Surgical Hospitals, MASH to Forward Surgical Teams, FST with the evacuation capability, with the mobility, gets at exactly what you are talking about.

And by the way, there are low-tech solutions, too. There is a gauze pad that is impregnated with fiber that you put in a wound where you can't really put much pressure on it that reduces the time that a patient bleeds, and it promotes clotting. There are those kinds of things that are constantly being looked at, and, in fact, as has been said, it is our job number one.

TELEMEDICINE

Mr. Bonilla. Well, what about telemedicine? Earlier there was reference made in testimony, I believe it was the admiral that referred to this, in advancing the technology with the things we are using today. I work so closely with medical researchers in my area, both at the South Texas Medical Center and at Brooke Army Medical Center--BAMC and at Wilford Hall and at Brooke about trying to use this, not just in the private sector, but to link it with the military operations. And how does that fit? How will telemedicine fit into that?

General Blanck. I just visited Bosnia, and I went to a battalion aid station. I served a year in a battalion aid station in the highlands of Vietnam, and it brought back some interesting memories, mostly good, some not so good, but it was exactly the same. It had the same kind of liter, and it had an intravenous pole, and it is as I remembered it.

One big difference was the physician's assistant, PA sitting there with a little laptop computer hooked up by satellite, with launch tool, could have been with Bethesda or

Wilford Hall or with Tripler or with Walter Reed, whatever, doing consultations. He had a little camera, and the camera sees one cell deep in the skin, so the dermatologist back wherever can make a diagnosis of the lesion that may have led an evacuation or saved an evacuation.

They do curbside consults, one with the other, just back to the local hospital, to the battalion aid station down the road. They can store in forward X-rays, images, ultrasounds that can be done right there, and you have somebody, an expert, reading them, and the PA doesn't have to rely on his or her own expertise. You get that kind of consultation.

It has made a tremendous difference in what we are able to do in leveraging the expertise, and it gets really at the heart of quality care.

TECHNOLOGY TO PROVIDE CARE

Admiral Fisher. Also, on board our aircraft carriers, for instance, the old X-ray do the weight and the cube for all of the film and processing equipment will no longer be necessary. With digitized radiography you don't need film. We have gotten rid of all the weight and the cube of all that material, plus all the caustic material required to run the processor.

In the area of Magnetic Resonance Imaging (MRI), they now have a hand-held MRI kind of device. It is about the size of a brick, that can be used in the field. We are currently making sure that it is fully survivable in a combat environment.

Mr. Bonilla. How much bulk are we talking about getting rid of on a ship or a submarine?

Admiral Fisher. I would like to take that for the record and get back to you.

TELEMEDICINE--LESSONS LEARNED

Dr. Joseph. We have made a tremendous investment in telemedicine in Bosnia, and we have learned a number of things from it. One, we have learned the power of this information technology, as you have heard from all of my colleagues.

Two, we have learned that we have still got a lot to learn. There are some things we learned through installing a telemedicine system in Bosnia that show us there is still a way to go. We are not at the $40 digital watch yet. We are still at the $150 digital watch, no longer the $500 digital watch. We have got a ways to go.

But three, there is clearly in this technology an enormous promise. When, you know, that soldier in Bosnia--we haven't, fortunately, had a lot of acute injuries and casualties in Bosnia, but when that soldier in Bosnia stepped on that mine, and we knew that if it was necessary, that that general surgeon in the field hospital, in the MASH in Tuzla, if he needed to, he could have consultation 24 hours a day with the best vascular surgeon, orthopedic surgeon, neurosurgeon that we have anywhere in the world, that is going to make an enormous difference.

So we are not quite there yet. There is a lot to do. The price--the costs of this need to come down more. We need to be sure that we are using it, you know, at a maximum efficiency to

link together and to move information, not people, as Admiral Koenig says. But the promise of this technology is really a very, very important thing, and it has proven ready, but there are a lot of refinements still needed.

Mr. Bonilla. That is exciting. It is remarkable what can be done in the field now.

General Roadman. May I just give one real low-tech answer to this?

Mr. Bonilla. Sure.

COMBAT-READY HEALTH CARE/``BUDDY CARE''

General Roadman. And that is bringing us way back away from telemedicine. The one thing that we learned in the Khobar Towers bombing was that the buddy care was absolutely critical, because we had multiple lacerations with flying glass; was that everybody taking care of everybody else was critical. And as you look at the review of the medical response at Khobar Towers, it was excellent.

But what is really highlighted is the response of buddies taking care of buddies, getting them out of buildings, taking care of just basic A, B, C; airway, breathing and circulation. And that comes from the buddy care training that we do across the service. So there are medical answers as well as nonmedical operational answers, and that training has got to be able to become probably more sophisticated.

One of the results, particularly within the Air Force, is that all of our mobility physicians are going to have trauma training, not advanced trauma life support training, Advanced Trauma Life Support but trauma-intensive training as a component of the training, as well as every member, not medic, every member having Cardiopulmonary Resuscitation.

And so what we are really focusing on is the high-tech end as well as the immediate buddy support end. So we are putting a tremendous emphasis on the combat end.

Mr. Bonilla. Thank you very much.

Mr. Chairman, do I have time for one more question or not?

Mr. Young. You have time for one real quick question.

OFFICE OF MANAGEMENT AND BUDGET ISSUES

Mr. Bonilla. One quick question for Secretary Joseph. It is on a more general topic, and that is I am concerned about The Office of Management and Budget--OMB almost becoming a year-round grinch that is attempting to destroy the Defense Department, and the defense health care system specifically. Tell me that this isn't true, Secretary. Now that you are going to go off sailing around the world, now you can let us know what the truth is about OMB.

Dr. Joseph. Well, let me try to answer seriously to that question. They have their job, and I have my job, you know. And, in part, their job is to make sure that I don't do my job just any way I want to do my job, and so that leads inevitably to differences of opinion that have to be wrestled out. There is an importance to their perspective. I mean, you know, my job is to push it as far as I can, and their job is to make sure that it stays in balance with other things.

So I don't think of them as a grinch. You know, I think of them as--most often as adversaries is true, but within a system that has to operate as a system. I don't know how to answer the question any more honestly than that.

Mr. Bonilla. Well, I just wanted to raise the issue more than anything else, and I appreciate your answer.

Thank you, Doctor.

Thank you, Chairman.

Mr. Young. Mr. Murtha got cut off by that vote in the House, so we will go back to Mr. Murtha at this point.

NATIONAL CAPITAL AREA HOSPITAL ACCESS

Mr. Murtha. Yes. A couple of other things. Now, we have one hospital here in this area with 200 or 300 patients; we have one hospital with 100 patients. We have ratcheted down two, so we have the cost of two installations. One of the big concerns that I get from this area is everybody has trouble getting access to the individual hospitals.

I have heard about some bad experiences at Bethesda, and that may be because it has gotten so much smaller, but I wonder if you have looked at the possibility of putting one hospital in charge and the other as an annex, or at least one organization in charge so that there would be one access point where people could get through, and then you could send them to the hospital where they could get the best care?

Dr. Joseph. Let me show you what we have done in the National Capital area.

Can I have the third slide up there? You just happened to ask the right question. I just happen to have a slide on it.

Well, that is not going to be visible, is it? Do you have the next one? That is not going to be visible.

But what we have tried to do, and probably have done most successfully in the National Capital area--in fact, much of this was done when General Blanck was responsible for the Army activities here--is to reduce wherever possible duplication of specialty services and graduate medical education services around the area. There is a lot of money to be made in that effort. We can do it better, and we can do it in more places, but it needs to be done.

Part of this is the problem of the transition that I talked about earlier, not just in the military system. I go into a lot of military hospitals, Mr. Murtha, that were conceived of in the 1960s, designed in the 1970s and built in the early 1980s. And you go in and the hospital is built this way, and there is one elevator shaft that goes right up the middle of the hospital, and on the fourth floor, if it is four floors, is some ward space that now is half empty, as General Blanck says, and we don't need that fourth floor ward space. What we do is ambulatory care space down on the first floor, but the hospital constrains us.

So in some ways we are prisoners--the health system is one of the slowest and hardest systems to change of any part of the economy. I am not speaking just of the military, but in general. And we are doing now, across the system, probably 30 percent and in some hospitals 60 percent of all of our surgeries on a day-surgery basis. That is better for the

patient. It is better for us. It is cost-aversive for us, but it is harder to do that when you are constrained in a conception and a facility arrangement of medical care that is built on a system that really no longer exists.

So there are lots of ways that we can coordinate, pull together, reduce duplication across the services. The TRI service thing gives us the possibility to do that, but there still are going to be inefficiencies.

Mr. Murtha. You understand what I am saying.

Dr. Joseph. I understand.

Mr. Murtha. Instead of cutting down to the point where it is inefficient, you let one just be a regular hospital or an annex where you just put people, and the other one do all the major stuff. But you have done a remarkable job.

OFFICE OF MANAGEMENT AND BUDGET ISSUES

I think what you said about Office of Management and Budget, every agency would complain about it, but when you look at the cuts in the other agencies compared to the medical services, in other words, the other services were cut substantially more than medical services. And I think we can take credit for an awful lot of that because of our pressure on the services to keep the quality of life high and keep the money in the medical services because we knew how important it was. So that difference has been dramatic actually, if you look at how much everything else was cut compared to what you were cut.

MARINE CORPS BIOLOGICAL CHEMICAL WARFARE TEAM

Now, one specific last question, the Marine Corps has a biological chemical warfare team.

Dr. Joseph. Yes.

Mr. Murtha. We put some money in last year. That improved it substantially. They did the best they could do with a little money.

Do they have a medical team assigned to them? Does that medical team interact with them whenever they are deployed? For instance, when they were deployed up there during the Inauguration, did you have a medical team with them?

Dr. Joseph. They have a medical component. I think Admiral Fisher can speak more to the specific makeup of that, but they have their medical component to that.

Admiral Fisher. It is not a full-time assigned medical component to the team, but it is pulled out of the Navy Medical Research Institute of Bethesda and other places to augment them with top-notch specialization.

Mr. Murtha. So if they were deployed, or if they go through a tactical deployment or a maneuver, you can detach a unit with them to go through this exercise?

Admiral Fisher. Yes, sir.

General Blanck. There is a medical team, and there is also, it is, by the way, coordinated and has augmentation from all the services and is also coordinated with Federal Emergency Management Agency and other organizations so that the Marines would go with the Navy or Army or Air Force medical unit, with

the laboratory from Fort Detrick and with other elements, and there is a central point of coordination for all of that within the Pentagon. So it is coming together. I won't go as far as to say it is there yet, but it really is very well on its way.

Mr. Murtha. I am glad to hear you are spending so much time on this area because we think that when you talk about threats, well, if you look at the threat going back to the bombing we had in Beirut, more people were killed in that type of activity, and it is just a matter of time when you are going to have a chemical biological attack. So I think everything you are doing now will reduce the casualties whenever it does come, and I predict it will come at some point by some terrorist. So I applaud you.

General Blanck. The keynote speaker at the AMSUS meeting, the Association of Military Surgeons of the United States that I mentioned, is Major General Oshmi from Japan, who was in charge of their response to the sarin attack in the subway.

Mr. Young. Mr. Skeen.

TRICARE REGION--NEW MEXICO

Mr. Skeen. Thank you, Mr. Chairman.

And Secretary Dr. Joseph, I want to thank you for sending the excellent medical personnel that you sent to Alamogordo, New Mexico, to take care of our recent TRICARE briefings.

Just one question: When do we--I understand that the New Mexico region will be under the TRICARE starting about the 1st of April, and the concerns that are being raised now that there are not enough physicians--in this rural area, that there won't be enough in the sufficient pool of doctors to take care of the beneficiaries. Would you comment on that?

Dr. Joseph. April 1 is the start-up date. I believe it is going to make that.

To the best of my knowledge, there is not a particular problem in terms of the provider network in that area, but I will check that and give it specifically back.

Master Chief Sayers, you were at that meeting in Alamogordo, weren't you?

Mr. Skeen. Yes, she was.

Dr. Joseph. And you might have something to say about that, and particularly the concerns about the provider network.

MCPO Sayers. One of the things that they talked about, as you well know, Mr. Skeen, you were there, was the lack of providers in the civilian community, and that was one of the concerns of the contractors trying to address for that area in particular.

I have been in contact with a retiree organization, I believe it is Air Force sergeants' association in that area, and they have expressed those concerns as well, and it has been taken very seriously.

One of the things that I think is most important is that it is not a dead issue. It is something we hear and we are very concerned about, and it is not taken lightly. And like I said, I talked with one of the chiefs, and we are in communication with him to let him know what is going on so he can let the other retirees in that area be aware.

And he related his enrollment process, if you will. He

stood in line and waited to enroll at Holloman and said for the most part the people at the hospital were very gracious and worked very hard, but he did have some concerns about how they were handling the enrollment in that process and whether or not the network would be big enough for that area.

Mr. Skeen. Well, I want to thank you for that.

Dr. Joseph. I have a note here, Mr. Skeen, that the contractor for region 7 is in town tomorrow for a strategy session with our folks about standing up that region, and they are going to meet with all the congressional delegations. But we will also specifically get a fix on the Alamogordo area and get back to you on that.

Mr. Skeen. I would appreciate that very much because we have had constant irritation and problems with the news or the awareness of what the program is going to do and when it is going to be done and so forth. I appreciate that response very much. Thank you for the help that you have been.

Thank you, Mr. Chairman.

Mr. Young. Mr. Visclosky.

MEDICARE SUBVENTION PROJECT

Mr. Visclosky. Thank you very much, Mr. Chairman.

Dr. Joseph, I think I came in at the tail end of the question that the Chairman and you were engaged in as far as the medicare simulation.

Are you designing that simulation, or is that taking place now?

Dr. Joseph. We have a very detailed and specific design for the demonstration program, a request for authorization for which is now before the Congress. We are also--have been working and will continue to work to look at all other possible positions should that come into being or should it not come into being, so that we have--we have got--we have a detailed understanding of what we would do in the actual medicare demonstration if that is authorized in legislation. And we also have a detailed understanding in the military medical community as to what we will do to try and get as close to that demonstration if we don't get or until we get the legislative authority.

Mr. Visclosky. Assuming you get the authority effective October 1st, when would you be able to start the simulation?

Dr. Joseph. Oh, I assume--let's call that the demonstration. I know it is a little bit of semantics, but it is important.

Mr. Visclosky. Okay.

Dr. Joseph. The difference is the medicare demonstration will actually involve a transfer of funds from medicare--from the medicare trust fund to DoD once we maintain our level of--meet our maintained level of effort.

If we don't get that authority, we will look to find some ways to do it with Monopoly money, so to speak; in other words, funding it out of our own authority, but showing the same. But it is critically important, as I said, I suppose, about six times now, that we actually can carry out that demonstration.

And I would assume that if we get legislative authority for the demonstration, we could have that up and running within a

few months, 4 or 5 months, after the authority is present.

I have to stress to you, though, that is not itself a solution to the problem. In fact, in some ways the medicare demonstration in the short term will exacerbate the problem, because we will only be able to enroll a limited number of people in a limited number of sites in that demonstration. Their enrollment will, in fact, decrease the available--space available care for all the other dual beneficiaries in the area.

This is an interim step to prove to the Congress, to ourselves, to the Office of Management and Budget, that this is a good way to do business and a cost-effective way to do business in what we hope will be then a prelude to having the authority across the board to serve our dual-eligibles in the TRICARE Prime network. So if we get the demonstration authority, you are going to hear some more grumbling from people who have even greater difficulty in getting into space-available care in various places around the system. We all have to understand that going in.

Mr. Visclosky. How long do you anticipate the demonstration project would last?

Dr. Joseph. The demonstration, as it has been agreed upon, is a 3-year demonstration with an evaluation at the end of each year and an ability to make sure that the numbers are right and that the money is flowing in the right direction, and I think we will expect to see--my own view is we will expect to see important demonstration of the concept at the end of that first year, but it is a 3-year demonstration. Then what happens as it goes and gets to the end of 3 years I think will depend on how people feel it works.

Mr. Visclosky. So the first--assuming you would start sometime in the spring of next year----

Dr. Joseph. In 1998.

Mr. Visclosky [continuing]. When we get to that first benchmark, we would be talking about fiscal year 2000 as far as their first real evaluation of the demonstration?

Dr. Joseph. Well, I would expect and I would hope that if--say we start in the spring of 1998. I mean, I would hope by the fall of 1998 the relevant committees are asking us some questions about how we think it is going.

Mr. Visclosky. So you think that we can----

Dr. Joseph. And in the spring of 1999, how is it going, and what is your data, and what do you think we should do about that?

MEDICAL CREDENTIALS--CERTIFICATION/LICENSING

Mr. Visclosky. Okay.

Let me ask you about credentials, if I could. I understand that a recent quality management report found that DoD medical staff generally have adequate credentials but that there are some problems.

I guess I would have two questions: One, in order to protect the best interests of the patients, how do you today identify and get rid of poor performers? And, maybe more importantly, how do you identify and keep excellent people that you really want in the services? Are we doing enough? Is there

something else we should pay attention to on the positive side of that question?

Dr. Joseph. Let me make some general comments about that and then ask the surgeons for some more specifics.

One, I think there is no question, and I think there is hard data to show it in a number of ways, that we have very high-quality people within the system, and by most of the usual--the usual criteria in terms of passage of board rates, the results of the joint commission inspection of our facilities, which, in part, reflect the quality of the people working, we do very, very well and really better than any other system going.

We participate in the same system of identifying physicians and other health care providers who are having problems, or who are accused of having problems, as does the civilian community.

I think it is more difficult--and the surgeons may be able to say this more clearly than I can. I think it is much more difficult for an impaired or an inadequate physician to stay in and probably also to get in to the military than it is for an equivalently inadequate physician to stay in practice in the local medical society in East Overshoe, Montana. I think that is true.

RECRUITING/RETAINING QUALITY PERSONNEL

Now, the second part of your question is the recruitment and retention of quality. We have some things working for us currently in terms of the dissatisfaction of physicians in particular in civilian practice and issues in American health care. The economic disincentives are no longer quite as great as they used to be. But my experience, in the past few years, the people we have--let me speak of the doctors for a moment. They come in and stay in for two major reasons. One is a set of reasons around commitment and patriotism. That is undoubtedly true. It may seem old-fashioned, but it is true of our people. The second is they come in and stay in because of the quality of the system that they can work within.

And that is why I was so insistent in my comments about why we need to retain the breadth of patient population and the quality of the facilities and the medical challenges that our people work under.

If we lose that, if we are probably doing more outsourcing than any other part of the Department of Defense in truth, but if we put it all downtown and turn this into a system that doesn't have that same excitement and opportunity and quality in the system itself, we will not recruit and retain the quality of people we have, and that ultimately is a readiness issue and I think one that is of some serious concern to all of us.

General Blanck. If I could comment briefly on that, I think that is an excellent question. Certainly as far as evaluating our care providers or anyone in our system, we have not only the traditional board certification and licensure and so forth of which we track very well, but we also are doing provider profiles, looking at outcomes, looking at measures of excellence that will allow us to clearly and in a definitive way differentiate those who are doing a good and not so good

job. And then, of course, our efficiency report system, while certainly not perfect, is a way that we do evaluate in somewhat of a standardized fashion those in our system, and it, believe me, is used to separate those who do not meet the mark. And there is certainly confidentiality built into it. There is protection built into it. But our folks are evaluated, and some leave because of that. Keeping the good ones is a little bit more difficult.

I think, as Dr. Joseph said, certainly the commitment and patriotism plays an important role, but I think there is something else that we offer, and it goes back to the values that I spoke of earlier.

We have a system still, with all of its constraints and bureaucracy, in which by and large a care provider, a physician or a nurse, can do the best that he or she can do for a patient. There are ways to do that without someone else telling them they must or must not do something; they must discharge a patient in 2 days; they must not admit this patient. They can practice quality medicine, and that, in my estimation, is one of the major reasons that good people stay in a system that sometimes is not user-friendly.

General Roadman. I would just like to add a couple of things, and it is a third to Dr. Joseph's list. The quality of the people they work with, that is a critical mass and maintains people within the service. But we have got to have them practicing their specialties or practicing their craft, and that is what we are talking about when we are talking about putting people downtown and just regressing to troop clinics. I mean, that will not retain people in our service.

And the last thing that we have found is that if you expose our practitioners to operational medicine, in other words, the stuff that the uniform stands for, we have a much higher retention rate. It is almost counterintuitive to think that if you deploy physicians, that they will remain, but they come back, in my sense, blued, ready to stay on and really gung ho.

So there are a lot of things. I don't think there is any one thing you can do to maintain them, but it is that retention that is important.

General Blanck. I would comment also that Graduate Medical Education or GME and other education programs are absolutely critical in our ability to both recruit and retain the highest quality of people. That is what keeps them. They like working with the young folks and training them.

General Roadman. I would agree.

MEDICAL CREDENTIALS--CERTIFICATION/LICENSING

Mr. Visclosky. I think my time has probably expired, but I assume there will be a couple of questions for the record in a sense following up on this line of questioning. One would be on the number of DoD physicians who are actually board-certified. I understand that there is about 50 percent; Navy is about 40 percent. As far as the national practitioner database, about 84 percent of the reports on military doctors, which I understand percentage-wise, maybe not case-wise, is higher than the national average, but again for the record that would be helpful.

Dr. Joseph. I would like to get that on the record now, because I think some of those figures are misleading. Number one, when you look at our percentage that are board-certified, it is not appropriate to count in the denominator those who are in training or those younger physicians in their forced 2-year service who wouldn't be board-certified. When you remove that group from our 13,500 or so, our percentage, I think, is quite competitive with the civilian sector.

And secondly, on the issue of physicians that are reported, et cetera, we tend to place more emphasis on the oversight of physicians than other health professionals. And, therefore, of all our health professionals who are cited in some way on the index, we have a higher percentage of them who are physicians, but the percentage of our physicians who are thus cited is, I believe, lower than the civilian sector.

Mr. Visclosky. And if you could expand on that for the record.

Dr. Joseph. We will do that in numbers for the record.

[The information follows:]

The total number of active duty DoD physicians is about 13,000. Of these, 8,735 are eligible for board certification and 6,557, or about 67% are board certified (excluded from the computation are the approximately 3,300 DoD physicians in training and ineligible to attain certification). This compares favorably to the national average for board certification of 63%.

Mr. Visclosky. Thank you very much.

Thank you, Mr. Chairman.

Mr. Young. Mr. Dicks.

TRICARE REGION--WASHINGTON

Mr. Dicks. Thank you, Mr. Chairman.

I regret that I was not here for all of the statements, but I want to thank General Blanck for his efforts to help us out at Madigan Army Hospital. That has clearly been a long-term concern of mine. It has been one of the finest facilities, and I might say that TRICARE in our area is, I think, doing quite well.

I think there are always concerns, and especially among some of the elder people, about the fact that they thought they were always going to be able to go to military hospitals and, in some cases, isn't possible. But overall, I think TRICARE, after a little bumpy start at the first, has done respectably well out there.

And I think we are saving some money. I mean, the whole idea, as I remember, on CHAMPUS reform, the reason we had to do it was because the cost of CHAMPUS was substantially higher than this other approach. Is that accurate?

Dr. Joseph. That is one reason, yes.

GULF WAR SYNDROME

Mr. Dicks. I appreciate also that we care about the care, which is also important.

Let me ask a question. I have been worried about this Gulf War syndrome. You know, obviously there has been a lot written about it, and, we go through these situations where people are deployed to various countries and can be exposed to symptoms. There are a lot of things that the most well-intentioned doctor might not know, and what I am curious to find out is, and I appreciate what was said in the statement, our inability to resolve uncertainties regarding long-term chronic health problems of veterans is due in part to a deficiency of objective measures of individual health status at the time of deployment and exposure information needed to evaluate potential health risks. These observations led to major changes involving health screening, exposure assessment, risk communication assessment of health outcomes after deployments.

The thing that I have been concerned about, and I talked to a whole series of people who were involved in your health care delivery system, and I was, frankly, stunned about the suspicion that existed out in the field, with the people who were providing the services, that there was a conspiracy of some sort to try to keep this thing under control and not really go out and vigorously investigate the possibilities of various conclusions that various researchers had come to about the fact that a lot of these people were coming back with symptoms and problems and it was kind of just dismissed at higher levels.

And unfortunately, there was a lot of people who were treating these veterans who feel that there--that this, in fact, was true and that there wasn't a vigorous effort to really do the research, to look at these various problems and to come up with answers.

Now, I do appreciate very much Dr. Berger's help on one particular situation, and the fact that we are going to look at these various ideas that some of the researchers have come up with, but is it a lack of money? Can somebody explain to me why there was this seeming hesitance to really vigorously go out and look at these various possibilities?

Dr. Joseph. Well, I think the answer to that, in my mind, is very clear, Mr. Dicks. I am not sure who you were talking to, but with respect to the----

Mr. Dicks. I talked to doctors who were treating patients at VA hospitals across the country.

Dr. Joseph. Fine. VA hospitals----

Mr. Dicks. And they were genuinely concerned that they were treating these people that had symptoms, and these things were kind of being dismissed as stress or something else, and we weren't really willing to look into these things. And there was the--you know, in politics a lot of things are perception, and the perception was that for some reason, we weren't going to go out and really look into these various possibilities.

Dr. Joseph. Well----

Mr. Dicks. That is what is disturbing to me----

Dr. Joseph. Right.

Mr. Dicks Because that perception out there. And then the veterans come in, the people who have these symptoms, have these problems, they are kind of given the impression that people don't take them seriously.

Now, I think the tone of this statement is far different

than the tone that was out there maybe a year or so ago, for which I am appreciative, but I would like you to comment on this.

RESPONSE OF DOD HEALTH CARE SYSTEM TO GULF WAR SYNDROME

Dr. Joseph. Well, I will, and I can't comment on the perceptions of VA doctors or whoever, but I can tell you what the reality has been in the military medical system.

We went, beginning in the spring of 1994, from ground zero to a very, very aggressive, sophisticated and intensive medical evaluation system that within 2 years had exhaustively examined and treated something like 28,000 people. That was possible because of the seriousness with which not only the surgeons general but the military facility commanders and the clinicians in those facilities took of this problem. We built that system and a comprehensive clinical evaluation program without additional resources; not that I am saying it was a matter of needing more money. We did it because taking care of those people is what we do. That is the job of this system.

And we put together medical data that really has been vetted positively by all the scientific groups that has looked at it. Moreover, we put that data out in the public domain, and that database of some 25,000 or 28,000 people is available for scientists to use to work their own hypotheses and research on. And I think through that system we have come to a rather clear, and I believe accurate, understanding of what did and did not happen medically as a result of the Persian Gulf War.

There certainly, on the medical side, was no cover up. There certainly was nothing less than a full bore effort to, one, take care of our people.

Mr. Dicks. Is there another side?

Dr. Joseph. Well, I can't speak for any other side. I mean, I will speak for whatever I can speak about, and I can tell you what I know about and what these other people and I did about the problem.

It was a full bore effort. I don't believe there has ever been a comparable effort of medical investigation facing an unknown problem in the military or any civilian incident that I know of, for example. So I think we have nothing to--nothing at all to feel hesitant about or apologetic about.

I think on the research side, the avenues that were pursued were those avenues that were and continue to either make clear sense from the clinical information or to be significant unknowns about which more is necessary to know. And, you know, if you look at it in dollar terms, $27 million this year, and I think it was $12 million last year, that is a pretty healthy effort and will yield significant results, I believe, in the long run.

So I think the other side of it, Mr. Dicks, and how to say this without appearing to be--I don't mean to be confrontational about it, not at all, but people can conjure up in their own minds anything that they want to conjure up. And they can say, well, I think this has got to be this over here. That then puts on this system the obligation to say, no, it can't be this over there. And you can never really get ahead of that game, especially in the kind of circumstance where there

is an issue about credibility. Oh, it must have been the military, so they must have done a bad thing, and et cetera, et cetera.

It is hard in the short run to get ahead of that and to prove that everybody's idea of whether it must have been this germ or this--or this exposure or that is not so.

In the long run I feel pretty confident about how it is going to come out.

EXPOSURE TO CHEMICALS DURING GULF WAR

Mr. Dicks. One of the problems, of course, is when we found out that we may have destroyed these chemical weapons and that that was not part of the database----

Dr. Joseph. Sure.

Mr. Dicks And people were saying, we don't need to worry about that because nobody was exposed.

Now, I am also told, by the way, that we are very, very weak on sensors for both chemical and biological weapons, and that we--what was deployed to the Gulf, it was probably stronger in the chemical arena but on biological, we are very ineffectual.

Dr. Joseph. Let me----

Mr. Dicks. Is that an ongoing problem, being able to even ascertain what people were exposed to?

Dr. Joseph. Let me respond to both of your points. Your first point, to the contrary, it was very much a part of the database. In fact, in the clinical evaluation program, set up before we had any sense at all of this Khamisiyah incident, we have a very robust clinical and laboratory investigation into signs and symptoms and abnormalities that might be a reflection of chemical exposure, so much so that after we learned about Khamisiyah and went back, went back to the Institute of Medicine group that had been looking over our shoulder that we asked to do this, went back to other scientific groups and say now that we know that there may have been an exposure, is there something different we should have done, an additional test, an additional physical examination, what, nobody has come up with anything to date that we should have done differently, even before we knew there was any probability of exposure.

Now, that is on the first point.

On your second point, I do have to agree with you, and I almost jumped in on this in the comments, I think, in the exchange that was going on with Mr. Murtha about chemical and biological warfare.

I think even beyond the issue of preparedness and whether we have the right units and the right training and the rest, there is a basic gap in our scientific ability to a--particularly on the biological side, less so on the chemical side. We do not yet have the science that can be applied to give us reliable, rapid, stand-off detection against a whole host of unknown and maybe un--truly unknown agents, and that is a big problem. And no matter how well trained and equipped the units are, we still have a significant science gap, and it is particularly so on the biological side, less so on the chemical side.

ANTICIPATION OF MEDICAL PROBLEMS DURING WARTIME

Mr. Dicks. Final point. One thing that worried me was that ever since people have been going to war, when they go to different parts of the world, they can encounter things just in the plain background that can cause problems.

Dr. Joseph. Sure.

Mr. Dicks. And I think somebody was mentioning problems in Haiti, for example.

Dr. Joseph. Yes.

Mr. Dicks. And then during World War II you had various problems when people were deployed to the Pacific. So what do we do to try to anticipate those things? Or is there anything you can do?

General Blanck. We have an extensive disease and environmental surveillance system in place so that we know what we are going to face before we ever go into a given area, Bosnia, for example, and once we go in we verify and validate what is there, both environmentally, soil samples, air samples, on and on, looking at the endemic and epidemic diseases in the area, finding out if they are drug resistant and so forth.

So we have that data, and believe me, we have learned a great deal from Operations Desert Shield/Storm in, for example, in Bosnia, but other places as well, Haiti and so forth. This system is serving us very well and we are doing screenings of the soldiers and others who go in before and after they deploy, again to have a baseline of data as well as know what we are facing.

The two diseases, by the way, in Bosnia that we really feared some problems with were Crimean Hemorrhagic Fever, a Hanta Virus, and you remember there was an epidemic, I believe, recently here in the states on that, and the tick-borne encephalitis. We actually have a vaccine for one of those recently approved but, in fact, through good preventive medicine measures, knowing that these were there, we have only had one case of the Hanta virus and I think two of the tick-borne disease.

Mr. Dicks. My time has expired.

If you had good research projects and it cost more than $27 million, I think we would like to know about it.

Mr. Young. Mr. Cunningham.

PROFESSIONALISM OF DOD MEDICAL PERSONNEL

Mr. Cunningham. Thank you, Mr. Chairman.

Master Chief Petty Officer, don't be afraid to speak up, because I know who really runs the show over there.

I would like to state that as a sailor that was medically evacuated from Vietnam that had a bullet taken out of my starboard leg--and I would say for General Roadman, that is the right leg, sir.

General Roadman. I am a sailor in civil life, so I know that.

Mr. Cunningham. And so I was medically evacuated out of the Indian Ocean. I have gone through a 7-hour operation for a thyroid I had taken out last year at Bethesda, so I am very, very appreciative of DoD medicine.

Some of the things that you could do for me is never, ever take away the nurses from any service. And when I was medically evacuated, it was Air Force and Army nurses, and the Navy, and the system that took care of me all the way from the Philippines on back.

And secondly, the flight surgeons that are attached directly to the units, it is the closest thing we have in the military to a private physician. And I never, in the years that I was in the service, knew a bad or unprofessional flight surgeon, and I would speak very highly for those programs.

CHILD ABUSE ISSUES

I have got a couple of issues that I think are very important. One of the areas in which the military is always hesitant to talk about is a problem with abused children within DoD. I believe it exists, primarily from the young sailors and airmen and personnel that we send abroad, quite often with long family separation. And I think there is a problem.

We have a program at the San Diego Children's Hospital that is ongoing. It is in its third year, and I would hope you would continue, Mr. Secretary, the support of that, because it is very strong on the prevention of those kinds of things that happen in the military. And I have family after family tell me how much they support this program. And if you go down the storefront and places like that that deal with these things, and Catholic charities, I think you will find a very, very positive effect from it.

CHIROPRACTIC CARE

I would also like to speak out on a couple other areas that are a little controversial within the field. I also injured my back when I ejected over Vietnam, and I did not believe in chiropractors at that time, but since then I have gotten to recognize the importance of their profession, and it has helped me immensely over the years. And I know sometimes medical doctors look differently at that, but for me personally, it has been very, very effective.

The second thing that has been very effective, not for me personally, but with the diversity that we are going through in the medical fields with personnel and everything else, is the psychologists. They are often the first ones, I think, cut out. I know you look at the needs, but we have got an increasingly diverse military, and I think they are also very important. Now, the area where they prescribe drugs and things, you are going to have to work that out. I think, in some cases, I would like to see that supported.

TECHNOLOGY TO PROVIDE CARE

Another area that we--and this fortunately is right in the heart of my district with SAIC, Science Applications, when you talk about telemedicine, I understand the importance because I have seen it firsthand, but how many of you have ever dealt with lost records of a service member of your own? And I have lost mine a couple of times.

I am sure everybody in here deals with it. Or even the files that go to Balboa Naval Hospital, or go to other hospitals, and you see these files; the new little card we have, that you can put it in your wallet when you go to one place or another, that you are protected. And you can be on a ship--and not all of our ships are even remote.

You said you were up in the jungles, General, in Vietnam, and if you have a card like that, that gives a complete medical history on it on someone that is in the field, imagine how valuable that is, all of those things are very positive. And I think you will find--I hope the other Members on the Committee will see the value in these kinds of things for--which directly affects readiness. And it is very, very important as well.

IMPACT OF HIV-POSITIVE RESULTS

I would ask--when I was in a squadron, I could not talk, as a commanding officer, to anyone but my XO and my flight surgeon about anyone in a shore-based station that was HIV positive. I felt that I was restricted from protecting my troops by not being able to divulge that information. And I understand the political ramifications of it. But I did some things actually I thought were probably pushing the line, where I didn't let them play in contact sports, I didn't let them deploy on deployments with me on a shore-based squadron, primarily because I was afraid of protecting my troops and knowing that fraternization does exist, and those kinds of things, and without that, I would hope for the record, you could let me know what we are doing in those fields today in the saving of time.

Also, for the record, have you noticed any increase in your budget requirements because of HIV positive in your hospitals? It is not just in the civilian population, you know. It is all over. But it is going to be an increasingly difficult problem.

GULF WAR SYNDROME

And I would like to echo some of Mr. Dicks' concerns. I have a perception, it may not be reality, even after the studies have been done, that we do have a problem with Gulf Syndrome and those things that did affect some people. I don't know what we can do about it, through increasing some of the database or sensors or whatever it is, but I think many Members on this Committee feel that there is a problem. And I am not saying that you haven't done your job. But I am saying at least a perception, I have got a gut reaction, that there is some problem out there and that we have a responsibility to take care of it on the issue.

DRUG TESTING

And I think with that, I am very happy. I would like also to ask one last question. The drug testing that we did in the military was one of the most effective things at a squadron level that we could do. It got rid of indebtedness, to tardiness, to fights, to everything else. And I would think a continuation of that program within DoD would actually lessen the requirements that you have in your medical hospitals and

give us more programs that we need.

MEDICARE SUBVENTION

And I would also like to ask you to support the medical subvention for our Veterans Hospitals in Missouri. I talked to an Air Force retired general that said, Duke, I thought I had it tough in the Air Force--and he loses about 10 veterans a month--and he said that subvention, which allows the military to use Medicare, saves money, and it has been able to help a lot of those veterans.

CHILD ABUSE ISSUES

Dr. Joseph. Let me make a few comments in response to that list, Mr. Cunningham, and then we would like to submit, I think, more detail for the record.

First of all, on your comments about child abuse, clearly Secretary Perry made the quality-of-life, family welfare issues front and center for the Department, and clearly you and I would agree that is exactly the right thing to do.

I think from the medical perspective, if there was one most important thing we could do in that area----

Mr. Cunningham. I am going to have to go vote.

Dr. Joseph. All right. Well, let me make it very quickly now.

The one most important thing in that area we can do is really get busy on the alcohol abuse prevention front.

Mr. Cunningham. Yes, sir.

Dr. Joseph. More than any single thing in terms of quality of life, of the families, prevention of child abuse, spousal abuse and other health care costs, that would make an enormous difference.

Mr. Cunningham. I think dealing with that in the facilities is very important, for an alternative on base.

Dr. Joseph. The rest of your questions, if I may, I will submit back for the record.

Mr. Cunningham. I am sorry I have to go run and vote, but that is what they pay us to do.

Mr. Hobson. Mr. Visclosky, you had some questions?

IMPACT OF DENTAL PROBLEMS ON TROOP READINESS

Mr. Visclosky. Thank you, Mr. Chairman.

Just a question, dental readiness, I understand that there is about 13, 14 percent of Army/Navy personnel that are not ready to deploy because of oral health problems. Could you describe the problem and what the Department is doing?

Dr. Joseph. The problem is this question of the readiness in a dental perspective. That, I believe, is the single largest item preventing deployment is dental readiness. The services and the dental chiefs in each of the services have recognized this.

We have a $25 million plus-up in the budget to push harder on dental readiness. It is a problem. Frankly, part of the problem is the line on this one, and the issue of whether the line commander sees this in as much a sense of readiness

urgency as the medical community does. But we are working that. I think we will see that get a lot better.

Mr. Visclosky. But the line doesn't see it as a problem?

Dr. Joseph. I think part of the problem is there is resistance sometimes on the part of the line to the importance of the dental-readiness issue.

General Blanck. It has to do--if you look at that 13 or 14 percent, about half of it is really work that needs to be done. That means someone has to take time off from training, and so forth. That needs to be supported through the command chain, and pretty much they are supportive, but it is an issue.

Half of it is that we don't have their records. It goes back to what has been spoken of before, and so that if they are ready for deployment, what happens is they get a quick screen and, in fact, they all of a sudden are deployable. But we need to have those records available to us so that we can accurately determine who is ready and who really needs that work and then focus clearly on those who need the work.

Mr. Visclosky. So to some extent, this is a technical problem?

General Blanck. Some of it is a technical problem. Yes, some of it is really focusing on it.

Admiral Fisher. Some of it is effectively utilizing time.

In my statement, I talked about dental care on the firing line. We have literally taken health care to the deckplates. When a Marine company is undergoing weapons training, there is actual firing time and there is waiting time. Therefore, we have taken our dental personnel to the firing line to provide dental care to the marines while they are waiting to fire. This not only improves the dental readiness of the unit, but provides dental personnel with the necessary skills to work with the field dental equipment.

General Blanck. We have dental vans, by the way, that overseas, go to remote locations, including to Moscow, and will provide dental care right there in the van, two chairs, X-rays, the whole nine yards.

Mr. Visclosky. The issue of readiness then is more the treatment that needs to be performed on the individual personnel as opposed to that soldier could not go out there tomorrow and be deployed because of a serious dental problem?

General Roadman. Just to describe it, we all have categories. One category predicts this person will have no dental problems within a year. This person has dental problems but will not have a problem--a reason to not be able to do their duty within a year. You get down into a lower category that says, we don't know.

Mr. Visclosky. Yes.

General Roadman. So they become nondeployable. But I was the surgeon in Europe during Desert Shield and Storm, and we had a significant problem of people coming through and they are primarily Guard and Reserve.

General Blanck. Right.

General Roadman. Where we did not see them often except when they had their Unit Training Assembly (UTA), and when they were doing their training they were not being looked at dentally. So there is a problem that we need to fix.

Mr. Visclosky. On a given day, what percentage of our

personnel would not be ready to be deployed because of health problems?

General Roadman. Health----

Mr. Visclosky. Can you give me a ballpark figure?

General Roadman. We can find that out for you, submit it for the record.

Mr. Visclosky. If you could submit that for the record.

Thank you, Mr. Chairman.

Mr. Young Mr. Hobson.

IMPACT OF ALCOHOLISM ON TROOP READINESS

Mr. Hobson. A couple of questions, Mr. Chairman.

I did not hear all of Duke's comments about alcoholism, but I can tell you that when I deployed as an enlisted man, the first thing everybody looked around for, years ago, was the Class 6 store, where you can buy booze a heck of a lot cheaper. Heineken's, in those days, were 15 cents. And, you know, that wasn't very conducive to controlling substance abuse in those days. I don't know how it has changed, but I think at Wright-Patterson they still have those stores. But that isn't my question, but it is something we probably ought to look at.

HOSPITAL PHARMACY POLICY

I have an article here written by one of the newspapers in my district talking about Elgin Air Force Base, Florida Military Hospital Pharmacy which keeps a list of medications deemed too expensive to give to retirees. It is my understanding that all hospital commanders have authority to restrict certain medications by beneficiary class, and I would like to know if that is the case and how can we discriminate against our retirees? I have letters I have to answer on that subject.

Dr. Joseph. Let me start with a general answer to that, and then I think General Roadman will probably want to talk--probably will speak specifically about this incident.

We are in the business of trying to balance economic feasibility against the best patient care we can provide. That is always a balance. And it is important for us in the pharmacy area, which is one of the most expensive and probably the most rapidly growing expense in the--in our health-care delivery activities, it is appropriate for us to provide medications most economically consistent with the best medications that patients need. And so going to generic formularies and going to restricted formularies that don't provide things that are not needed is good medicine and good business sense for us in the system.

We should not be using that appropriate requirement to discriminate among classes of patients or to deny patients medications that they need and that are appropriate for them. And where and when that happens, we will not do that. We will change that. But that is--the reason I went into the long preamble is that is not to say that in a managed-care system anybody can have or should be able to have any individual brand name medication that any physician thinks they should have. So it is balancing those two things. But there should be no

discrimination by beneficiary category within that.

General Roadman. With that story, I think we didn't do that well. I mean, I think that is not our policy. And I have once again reiterated that policy throughout our system.

I think oftimes, as we go to generic drugs, that gets confused, and a generic question gets specified on to a single drug. Now, I understand that this was a specific person who was told we don't give that to retirees. That is not an acceptable policy. We didn't do that well.

Mr. Hobson. I think you all understand the sensitivity with retirees for medical care. People were told certain things. People hear what they want to hear.

Dr. Joseph. Sure.

Mr. Hobson. And they go through a long period of time of reinforcement in that and then suddenly things change and it is a sense of a lot of trauma among these people, and I think you need to be sensitive, and apparently you are, to the situation.

Dr. Joseph. Mr. Hobson, I just issued a memo throughout the system reminding everybody of what the policy is, and the importance of nondiscrimination in this sense. I would be happy to furnish you a copy of that, if that might help you in answering your letters.

[The information follows:]

The attached memorandum, ``Current Policy for Dispensing Prescriptions in Military Pharmacies'' is submitted for the Record.

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

SMOKING CESSATION

Mr. Hobson. With the Wright-Patterson Air Force Base Hospital, which I have toured a number of times, we get a lot of retiree letters on this sort of thing and a lot of people come into the office.

I would like to ask one other question, if I might, Mr. Chairman. My understanding is that decreasing smoking by soldiers, sailors, airmen and marines is one of your major health objectives.

I assume you have set these goals, and I would like to know--I wasn't here for the other stuff--if they have been met. If this is repetitive, you can give it to me later again. But if you haven't, I would like to discuss if the goals are being met. Do you have a proactive smoking cessation behavorial modification program. Does or should DoD provide funding to make behavior modification counseling and nicotine replacement a covered benefit?

Dr. Joseph. There is----

Mr. Hobson. Again, cigarettes used to be----

Dr. Joseph. Sure, smoke them if you have got them.

Mr. Hobson. Yes. The worst thing that ever happened to me in the service--I didn't smoke--was going around and picking up cigarette butts. If I smoked it would have been different, but I didn't like picking those things up if I didn't smoke.

Dr. Joseph. Well, there has been a tremendous change over really the last decade in the seriousness with which the medical community, the line leadership and the troopers themselves view the issue of smoking and health. So if you are to go and look into our system now, whether it is on the smoking cessation side, whether it is on the awareness on the medical side or it is the base commander's view of this, you would find it very, very different than it was before.

Are we there yet? No. The percentage of people in the military who smoke is still higher than a comparable percentage in civilian life.

Is there more to do? Yes.

I was thinking, as you were making your comment about the purchase of alcoholic beverages subsidized, we collectively, DoD, are in some trouble these days with another committee of your colleagues because of steps we have taken to reduce the economic incentive to purchase tobacco in our system. And so, you know, it kind of cuts--it cuts both ways. We have----

Mr. Hobson. May I ask you where your district is?

Dr. Joseph. Does it create a problem? Well, of course, of course it does. But there is some way to go.

Last--a couple of weeks ago there was a wonderful article in the Washington Post, a front page article, about two terrific Army officers, both of whom happen to be female, in Bosnia, if you remember that article, and it showed the two of them walking down the hallway with cigars in their hands.

Well, you know, we are not quite there yet. But we are a lot further along both on smoking tobacco and on smokeless tobacco than we were.

In terms of the question of coverage under CHAMPUS for smoking cessation, I have got to get smart on that and get you an answer.

The surgeons may want to talk specifically about some of the tobacco prevention programs in the individual services.

[The information follows:]

We strongly support educating our beneficiaries on health-related matters such as the risks associated with smoking and the long term benefits of quitting smoking, and consistent with good medical practice, we reimburse health care professionals who provide this information and education for their patients.

The TRICARE/CHAMPUS program is not structured to separately cost share for education or behavior modification programs; rather, we encourage and support the comprehensive clinical practice in which every patient encounter is used as an opportunity to provide patient education. The TRICARE program was designed so that under TRICARE Prime, the HMO option, a beneficiary has a primary care manager (PCM) who is responsible for providing or arranging for an enrollee's health care. We believe beneficiaries who have unhealthy behaviors that put them at greater risk for health related conditions, are best served when they develop a long-term relationship with a PCM who uses each patient encounter as an opportunity to assess the patient condition and provides recurring patient education and counseling on health related behaviors. Office visit codes, developed by the American Medical Association and used to reimburse civilian providers, all include an evaluation and

management component designed, in part, to reflect the amount of time the provider spent individually counseling the patient consistent with the nature of the problem. While we do not share in the costs of health classes or educational programs, we do expect the health care providers who care for our beneficiaries to provide information, assistance, and advice on all health related behaviors such as smoking.

Nicotine replacement therapy can be an effective tool to assist beneficiaries when they stop smoking and many forms of nicotine replacement therapy are available over-the-counter. The Food and Drug Administration approved both nicotine gum and transdermal nicotine (the nicotine patch) for over-the-counter use without a doctor's prescription. Drugs available over-the-counter are not cost-shared by TRICARE.

LIMITING ACCESS TO ALCOHOL IN CERTAIN THEATERS

General Blanck. Yes, if I can make two quick comments because I know the hour is getting late. One, both in the Persian Gulf conflict, Desert Shield/Storm, we had as policy no alcohol in theater. The same is true for subsequent deployments in Haiti and in Somalia, in Bosnia. And I am absolutely convinced, and have so stated multiple times, that one of the reasons we have had such a low disease, nonbattle injury rate is because of the absence of alcohol; absolutely no question about it. Because without it, much as everybody gripes about it, they don't engage in behaviors, whatever it might be, that leads to illness and injury, from driving to eating, to whatever. So that is something that I think will continue.

SMOKELESS TOBACCO PRODUCTS

The second point is I certainly support everything that you have said on the tobacco programs. We have extensive programs. We still have too many people that smoke. It is kind of a--I think at least in the Army, it is the thing that you do almost. But we have made it so difficult that what is happening, more and more of our folks are switching to the smokeless tobacco and that is of a great worry, because the sales of chewing snuff and such are just skyrocketing as we make it difficult for them to smoke.

SMOKING CESSATION

Mr. Hobson. The thing I am concerned about is the covered benefit on the modification program. I would like you to look at that. You may not have an answer today.

Dr. Joseph. We are not sure of the answer. Dr. Martin didn't know the answer. If he doesn't know the answer, none of us know the answer, so we will have to get back to you specifically on it.

[The information follows:]

Our goals are directly in line with the nation's Healthy People 2000 goals. Each military service further delineates these goals and monitors progress. Smoking cessation programs are extremely proactive and are part of every TRICARE Region's

health promotion and prevention programs.

DoD, in fact, does provide for this in the direct medical care system at some military treatment facilities; however, Nicotine Replacement Therapy is not on the Triservice formulary. Tobacco cessation programs are an expected component of good clinical practice and are not separately billed by CHAMPUS.

Mr. Hobson. Okay.

General Roadman. One of the issues with smoking cessation is the type of information that we have, or the type of data we have is really not good information on who actively smokes and who wants to. We have got a health risk assessment that is associated with TRICARE enrollment, that talks about behavioral issues not in a mortality-based, but in a morbidity-based environment, and so what we are looking at, one question that is critical is how many of you smoke? Followed on by, how many of you want to quit?

Because as we can focus in, and instead of smoking cessation to the world, go after the ones that actually are going to give us a return in their health by quitting, that information will help us.

We recently did a study, using DoD data, my public health officer and epidemiologist, reported $1.3 billion within DoD are spent on health-related illness per year.

Dr. Joseph. Smoking-related illness.

General Roadman. Excuse me. Smoking-related, per year.

Now, as we talked about Defense Commissary Agency DECA and the change of the prices, there has been a 20 percent decrease in sales since the change----

Mr. Hobson. Since the change?

General Roadman In price, comparing this January to last year. So there is that elasticity that I think we are seeing that will help.

Mr. Hobson. You haven't done that with alcohol, have you?

Dr. Joseph. No.

IMPACT OF SUBSIDIZING ALCOHOL

Mr. Hobson. Is there resistance to do--or is your experience such with tobacco that you don't want to take that on?

Dr. Joseph. No, I wouldn't think that last statement is so. I think there is a clear recognition in the Department that that was the right thing to do and is going to be very successful.

I think the alcohol problem is a more difficult problem, because of this issue: Many people or most people believe that there is a gradient of not only socially acceptable but perhaps even beneficial use of alcohol, before you get to the point where it is--where it is counterproductive.

Most people believe, and I think there is a lot of data support, that there is no gradient of socially useful and productive use of tobacco. And when you take on not only the economic interests but the cultural interests of the socially acceptable use of alcohol, it makes it much more complicated.

I think, though, again, there is a trend and an important

difference in the social tolerance for alcohol use in the military than the individual services, but there is an awful long way to go there.

Mr. Hobson. Well, I will make this last comment, I guess. I would certainly be one of the last people to deny a buddy a beer. However, I am not sure that hard liquor ought to be subsidized, which thereby encourages that. It gets beyond what it takes long-term.

We are just promoting people excessively using alcohol, and I don't think most of your alcoholics come from people who drink beer, from my experience. Most of the people are on hard alcohol, mainly vodka and other types of substance like that. And I am not sure that that is a good long-term proposal, that we should continue to encourage that within the services. But I will not debate that here.

Mr. Cunningham. Will the gentlemen yield for a quick second?

Mr. Hobson. Yes.

Mr. Cunningham. I would ask you to make one exception, Admiral, on a carrier. Most of us would rather fly over downtown Baghdad than come aboard that boat at night. There are two things that we always got, a double-cheese, double-fry burger, and the flight surgeon prescribed a little shot for us after we did that. Please don't do away with that program.

Dr. Joseph. You see my point, Mr. Hobson. No, I didn't mean that----

Mr. Hobson. I don't think that excepts it. If you want to do that, don't subsidize it. I don't care if people drink or smoke, just don't ask me to pay for their health care.

Dr. Joseph. As I said, I am not sure whether you were here in my comment to Mr. Cunningham, that an aggressive and effective program that would combat the medical effects of alcohol abuse in individuals and in families probably would do more to avoid illness and injury in the system than any other single thing we could do. Don't get any of us wrong on that.

The difficulty is how do you do that?

Mr. Hobson. I understand. But I am not asking you to take it away. I am just saying that when I was overseas, it was so cheap that, you know, it was almost encouraged because it was so cheap. And I am not going to take anybody's occasional alcohol away from them, but I don't think that is particularly how it should be used. But I don't think it should be done in such a way that we are encouraging people who have real problems with substance and they can't control it--I mean, the same way with tobacco, it is very difficult to control getting off of tobacco. And my wife has been through it a couple of times, and she is not--about 8 years that she hasn't had a cigarette, and she tells me there is a lot--about every day you think about it, and so it is a difficult situation.

Mr. Young. Mr. Murtha.

MEDICAL EVACUATION HELICOPTERS

Mr. Murtha. A couple of things I would like you to answer for the record and then I want to talk about Bethesda.

Do we have a problem with medical evacuation helicopters? If you would just put the answer in the record.

[The information follows:]

There are problems matching Army medical evacuation helicopter capabilities to the projected requirements for support in future conflicts. Aeromedical evaluation helicopters in today's fleet are not capable of performing the mission across the operational spectrum to include combat search and rescue, and shore to ship MEDEVAC. In order to support the Armed Forces, these aircraft must be capable of operating in all environmental conditions, especially during periods of low visibility. Furthermore, the demands of supporting combat operations now and in the future must include the ability to communicate with a variety of combat and support units operating in joint operational environments and afford the crew situational awareness to enable them to successfully complete their mission. Finally, to improve the capability to clear the battlefield effectively, the Army needs to enhance its onboard casualty treatment, avionics, and crew survivability capabilities. The Army's platform of choice is the UH-60Q which is not funded to levels which would completely modernize the fleet during the Fiscal Year 1999-2003 Program. Without this enhanced MEDEVAC helicopter, the ability to clear the battlefield, provide quality enroute, life saving care and offer an acceptable level of survivability to the crew and patients is problematic at best.

BETHESDA NAVAL HOSPITAL

Mr. Murtha. And the other, somebody mentioned earlier Reserve call-up, you were having trouble getting doctors, and I wonder if that comes from the call-up in the Gulf where I know I got a lot of complaints that they weren't doing enough business during the call-up, but if you would just quantify what you are talking about there.

The other thing is back to Bethesda. Now, I remember going out and visiting Admiral Kelso, he was the Chief of Naval Operations. He was in the most dismal, dark, miserable room I have ever visited when visiting a patient. It was absolutely dark in there, and he had nothing wrong with him that called for him being in a dark room. I mean, it was miserable. And maybe he got good medical care, but it used to be, I heard, that Bethesda may have lousy rooms but they give good medical care.

This past summer we had a bad experience from one of the most prominent Members of Congress, who went out there to Bethesda, and his life was actually threatened by the care that he got. And if it hadn't been for his wife, he would have died. I mean, I am convinced of that, in listening to the story.

The room, again, when I went out there, was again the most miserable, dark room I have ever seen. Now, I can't judge the medical care, but the wife was a nurse and she certainly felt that the care was inadequate. And from the story she told, it indicated it was absolutely inadequate.

I went back after not long ago and there had been some improvement as far as the rooms, but let me tell you how they did the improvement. The nurses took up a collection to buy curtains to fix the place up. The hospital did pay for the

painting of the rooms, and they were a lot brighter. And I will tell you, I mean, as a layman, I could see a substantial difference. But that is why I am so concerned about cutting nurses at Walter Reed and cutting care. We have cut the care to the bone at Bethesda, and I wonder if we really are getting good care.

Now, a lot of people commented, but this--these two experiences show me we really have some problems out there, and I would hope that this thing will be turned around. And I would not think that the nurses have to take up a collection in order to improve the appearance of the inside of the hospital.

Admiral Fisher. Yes, sir. I was not aware the nurses had initiated a collection.

Mr. Murtha. Well, I sent a letter to the Secretary of the Navy and told him--I complimented them for what they had done, but, I mean, it just didn't seem right that that is the way it ought to be done.

Admiral Fisher. No, I agree.

Mr. Murtha. Also, one of the doctors had to go to Health and Human Services--HHS and buy or get an excess computer from them because he didn't have a computer. I mean, you know,--something is going on out there that is not--not the way it should be. I mean, there is a layman speaking with all--you know, I have visited a lot of hospitals, talked to a lot of people. They are very frank about what is going on, and I think we have got a problem out there at Bethesda.

Admiral Fisher. Certainly some of the incidents have highlighted the need for improvements at the National Naval Medical Center, Bethesda the Surgeon General has started Bethesda and Navy Medicine on the path to re-engineering business practices to focus on customer service.

We have also made some improvements to the hospital facility. We know we have a long way to go in the area of facility maintenance. In fact, last week I had a conversation with the Vice Chief of Naval Operations on that subject, and we are looking to continued improvements at Bethesda.

MEDICAL CARE IN NATIONAL CAPITAL REGION

General Blanck. If I may comment also, Mr. Murtha, because it gets at our previous discussion and what you have just said at Walter Reed. I personally am very fond of Bethesda. I used to work there. When I was the dean of students at the military medical school at the Uniformed Services University of the Health Sciences, USUHS, I did my attending at Bethesda and have high regard--had high regard then and continue to have high regard for their capabilities and skills.

What has been described of resource constraints in various places, not only Bethesda and Walter Reed but throughout, has to do with all the more reason that we must work together, combine resources, leverage each other's strengths, so that we overcome any local weaknesses. And I think the collaborative efforts between Bethesda, Walter Reed and Malcolm Grow, the Air Force hospital here, as well as Fort Belvoir, Fort Meade, and so forth, are going in that direction.

We are doing things more on a functional basis. All of Obstetrics between Reed and Bethesda is done at Bethesda. And

the chief there, the training director, is an Army colonel. GYN/Oncology is all done at Walter Reed, and Pediatric/ Intensive Care is all at Walter Reed, and so forth and so on. There is a way to go in all of that, and I think what you are hearing us say we take very seriously some of the issues raised and are working together to solve them.

Mr. Murtha. Well, I appreciate that, because I have--also a friend of mine had retired from the Air Force and went out to the Andrews facility and his wife had some tests, and it was a month or so and he hadn't heard anything. And he called out there and still hadn't got the results, and I never did hear any more. I just happened to be talking to him, and I don't know what happened.

So I just think in this area where we have got two flagship hospitals, 160,000 military people, we ought to have the absolute best service that we could have. It just doesn't sound like we are in that direction. But I can see improvement at Bethesda. But, you know, I think it really does take some attention, and I call your attention to rooms because that is part of it, but there is something wrong with the kind of care that went on out there.

Admiral Fisher. Yes, sir.

HOSPITAL ACCREDITATION

Mr. Hobson. Can I ask one question following up on that?

Mr. Young. You can. You can have a quick question. We are just about out of time.

Mr. Hobson. Do you go through the accreditation like other hospitals do?

General Blanck. Yes, all of us do.

Dr. Joseph. All military hospitals do.

Mr. Hobson. Through the same thing that a private hospital does?

Dr. Joseph. JCA, sir.

General Blanck. Joint Commission on Accreditation of Health Care Organizations, and consistently rank higher than do the hospitals in the civilian community.

Dr. Joseph. And have more hospitals that achieve accreditation with commendation than any other system in the country, public or private.

Now, that is not an excuse or a denial of what has been said, but across the board this is an extraordinarily fine system.

Mr. Hobson. I think we are all aware of the situation that happened there.

Mr. Young. Mr. Cunningham has another quick question for you.

MEDICAL REQUIREMENTS OF WOMEN

Mr. Cunningham. Master Chief, you can take the first shot and pass it to the Secretary, if you like. With the increased numbers of women in our military, are our medical requirements specific, like mammograms, are those needs being met in our hospital--military hospitals?

Or if not, Mr. Secretary, would you provide for the record

things that this Committee could do to help enhance those efforts?

[The information follows:]

In 1993 a policy memorandum was issued addressing annual health maintenance examinations, mammography, gynecological services, and acceptable time frames for test results. A baseline screening mammogram is required for all active duty women at age 40 and offered to all other eligible women beneficiaries. At age 50, annual mammograms are available to all eligible women beneficiaries. An appointment is provided within 14 days of request and results are provided to patients within 14 days for screening mammograms and 5 days for diagnostic mammograms. All mammography units must be certified by the American College of Radiology or the Food and Drug Administration in compliance with the Mammography Quality Standards Act (MQSA) of 1992. Nearly all DoD facilities are fully accredited. In those facilities not fully certified, a provisional accreditation is obtained. The lack of full certification in those cases results from unavailable technicians or certified health physicists. In such cases, the patients are referred to certified civilian facilities for mammograms. Under the FY97 Breast Cancer Initiative a training program for all mammography technicians has been started. It is anticipated that by the end of the calendar year all mammography technicians will be trained and certified according to the FDA standards.

MCPO Sayers. To my knowledge, there is not a problem within our military treatment facilities of accessing--or excuse me, I don't want to use the word access--having equipment available and the trained personnel to receive those services.

I know that access is still a problem, which we talked about earlier here today, in getting an appointment, in getting in to be seen for those things. So as we work closer to that, that should not be a problem. But I would defer to the Surgeons if they would like to speak, or to the Secretary more closely to that equipment issue.

Dr. Joseph. In no small part thanks to this Committee, a substantial proportion of the breast cancer research funds that have come to DoD have been used for increasing access and availability of mammography, and I think that is a good story. We can get some numbers for you.

[The information follows:]

The FY97 Breast Cancer Prevention, Education, and Diagnosis Program addresses access to care under the Phase I component of the program. The goal of Phase I is to increase awareness of screening, diagnosis, and treatment options, improve clinical outcomes and patient satisfaction and decrease the loss of work time. Phase I funds represented 40% of the FY97 $25 million allocation and are used by the military medical treatment facilities (MTFs) to increase beneficiary access to breast cancer care. A sampling of the first quarter reports indicates a change in the average waiting time from 7 to 2 days and 28 to 7 days in examples taken from two Army facilities; 5.5 to 1.5 days and 42 to 0 days for two navy facilities; and 20 to 10

days and 18 to 13 days for two Air Force facilities. This sampling represents only early data as the performance metrics were incorporated into the program during the later part of the first quarter of this fiscal year. More definitive metrics will be reported in subsequent progress reports.

Dr. Joseph. I think particularly in a prevention sense and in a health-care research sense, probably the military is more focused on specific prevention, health promotion issues as they relate to women than the civilian sector, because in general our--our line commanders understand the importance of prevention and what the loss of function really means.

So I realize it is a pretty general statement and I can try to give you something for the record more specific, but I think each of the services has, particularly in the last five or so years, really focused on those particular health needs of their women service--of their female service members.

Mr. Cunningham. You know, don't waste a lot of time on it.

Dr. Joseph. No, I won't.

Mr. Cunningham. If you have any recommendations for us and things we can do directly, I think that that would help.

[The information follows:]

The Congress mandated funds in fiscal year 1994 and fiscal year 1995 to support health research relating to women in the military to include research on policies and standards issues pertaining to deployment, training, operation, retention, epidemiological research on women deployed in military operations and establishment of a database to facilitate long-term research studies on military women's health. This effort also supported access to and delivery of health care to women, as well as health promotion and disease prevention. Very valuable research was funded in areas that were unique to military women and unlikely to receive attention in other programs. These efforts need to be integrated into ongoing research programs.

Additional funding of the Defense Health Program for breast cancer prevention, education, and diagnosis, can be spent on continuation of the early diagnosis and prevention programs, information communication, data retrieval systems to better assist the provision of follow-up breast cancer care, and a review of mortality differences in minority women. The overall civilian mortality rate from breast cancer is decreasing, but in civilian minority women it is continuing to increase.

Dr. Joseph. I don't know.

Mr. Young. Mr. Visclosky.

Mr. Visclosky. Mr. Chairman, I simply want to associate myself with the comments of Mr. Hobson on your tobacco control efforts. I do think they are very important. I support you and wish you well in them.

Thank you, Mr. Chairman.

BREAST CANCER RESEARCH

Mr. Young. Mr. Secretary, and General, Admiral, Master Chief, thank you very much for a very productive hearing this

afternoon. We have a number of questions we didn't get to and would like to submit them in writing and ask that you respond to them.

One specific question I would like to ask, this subcommittee, in recent years, has appropriated about $600 million for breast cancer research. In fiscal year 1996 and fiscal year 1997, we also added to that approximately $100 million a year, $25 million the first year and I think $37 million the second year, in addition to the $100 million that was directed to be used within the military for treatment of breast cancer cases in the military or military spouses.

I would like for you to provide for the record, and I would, unlike Mr. Cunningham, I want you to spend as much time as necessary to do this, but I would like to see a money trail of where the money went, who got the grants, who did the research and what, if anything, it produced. And also, for the additional money that we appropriated to be used within the services, if you could give us some idea of what is being done through the various military hospitals.

[The information follows:]

The Breast Cancer Research Program award list for FY95 is attached. It delineates how the appropriated $150 million was awarded to Breast Cancer Centers ($15 million for 3 awards), mammography breast imaging programs ($20 million for 21 awards) and multidisciplinary research and training programs ($115 million for 89 training and 179 research awards). The fiscal year 96 appropriation of $75 million is being used to invest in Innovative Developmental and Exploratory Awards (IDEA), translational research and training, and research to complement the NIH strategy. Approximately 310 multi-year awards are currently being negotiated.

The $25 million in fiscal year 96 designated for education, training, and prevention was allocated in two phases to military treatment facilities and through the Surgeons General to TRICARE Lead Agents, to be used to assure that military members and their dependents receive timely access and immediate care for breast cancer and that beneficiaries are the focus for prevention, early detection, and education on breast health care. Phase I funds were distributed to MTFs on a capitated basis to increase access to breast cancer care, Phase II funds were distributed to Lead Agents for region-wide merit based education programs. The funded Phase II education programs are listed below:

Quality Management and Nurse Care Manager
Mobile Education Units
Genetic Counseling and Testing; and Youth and Elderly Education Program
Tracking and Mail-Out Education Program
Focus Group Model
Patient Tracking and Case Management Training
Wellness Education Interactive Kiosk
Genetic Screening and Counseling
Education for Youth and Retirees
Centralized Tumor Board and Tumor Registry
Provider Train-the-Trainer

BREAST CANCER CENTER AT BETHESDA

Mr. Young. Mr. Murtha and I had a chance to be at Bethesda when we, in effect, cut the ribbon and dedicated the Breast Cancer Center there, and we were very impressed with that. But we would like to know, because the Department of Defense did not ask us to appropriate that money and it showed up on several rescission requests. We didn't agree with those rescissons, and we kept the money in place. But we would like to know what is happening with that money and what the people are getting for it.

Dr. Joseph. We will send you that paper trail, that money trail, Mr. Chairman, and if I could take another just minute or so, I would like to tell you about something in the breast cancer treatment area that we are doing that I am sure this Committee will find of interest.

We found a way last year, using demonstration authority, to pay through CHAMPUS for women who required a bone marrow--high dose chemotherapy and bone marrow replacement for treatment of breast cancer, and we worked out with the National Institutes of Health--NIH a collaborative program--I think it is a very exciting program--with the National Cancer Institute, whereby we work together to allow women who are beneficiaries into the NIH-supported trials and thus that we can pay for those services which previously we were prevented from paying for.

Mr. Young. Well, it is a terrible, terrible disease and it seems to be getting worse, and we need to be aware of it. And we have no apologies to make for appropriating defense dollars for this purpose, because there are an awful lot of women in the military and a lot of women--spouses of men in the military. We have every intention of continuing that support. But we would like to see the money trail and just to know exactly what it is that we are doing and accomplishing.

Other than that, thank you for a really good hearing.

HUMANITARIAN SERVICES PROVIDED BY U.S.

So I will say formally the hearing would be over, but I would like to say this to the Members that are still here: All of our services over the years have performed humanitarian services that have really made the United States look good around the world, and Colonel Ruter and I had a visit at the Air Force hospital at Wilford Hall, and we met the team who went to Ecuador, as you talked about, General, and we had the tape of some of the things that happened there.

It takes about, I think, seven or eight minutes to show the tape. I think it is really worthwhile seeing it. It will make you really proud of our military and our Armed Services, and especially those people who serve in the medical fields. So for those that are able to stay, formally the Committee will be adjourned but I think you would like to see this tape.

[Clerk's note.--The Committee proceeded to review the video.]

Mr. Young. What was the length of the entire operation?

Dr. Joseph. Five days.

General Roadman. Five days.

Mr. Young. Thank you very much for showing us that. We had a chance to meet most of the team that was down there, and like I said, we were really impressed with how well they were

treated and the good relations they helped cement between the United States military and Ecuador--the Government of Ecuador, and the people most especially.

Again, thanks very much. We appreciate your time this afternoon. We look forward to working together with you to resolve whatever problems there may be in our medical programs.

Dr. Joseph. Thank you once again, Mr. Chairman. Thank you for the strong and continuing support that we have had from the Committee.

[Clerk's note.--Questions submitted by Mr. Lewis and the answers thereto follow:]

Life Support Trauma and Transport (LSTAT)

Question. How does the Life Support Trauma and Transport (LSTAT) fit within the Army's evolving doctrine for far-forward combat casualty care?

Army Answer. The LSTAT is an integrated system of advanced technologies designed to deliver intensive care capability in austere or far forward areas. The LSTAT is capable of running on battery power or can adapt to the power sources of any available military vehicle, and standard power in both the U.S. and Europe. The LSTAT also contains an on-board data logging system capable of logging physiological performance of the patient, as well as recording data concerning the performance of the equipment (kind of like a flight recorder). In addition, the LSTAT has a data access port where linkages can download and transport data to any necessary receptor site.

Once a candidate casualty is on an LSTAT, it is possible that the casualty could remain on the LSTAT throughout early as well as definitive treatment and evacuation. Thus, a logistic concern is re-supply and re-cycling of LSTATs.

The LSTATs are capable of fitting and being properly harnessed in any available military evacuation platform (UH-1, UH-60, HMMWV ambulance, C-130, C-17, C-19, C-141, C-5, etc.)

The LSTAT support Joint Vision 2010 by enhancing initial care by the first responder, and by providing stabilizing and resuscitative support during enroute care.

Question. What must be done to accelerate the initial operational capability of the LSTAT?

Army Answer. The Army currently has 4 early version (Test and Evaluation Version) LSTATs. These early version LSTATs are designed to prove the principle that intensive care can be provided farther forward that was previously possible. The systems on these four LSTATs are FDA approved with the exception of the ventilator, currently undergoing FDA testing. Once the initial version of the LSTAT is approved by the FDA, I do not anticipate significant delays in approval of subsequent versions. The next phase in the evaluation of the LSTAT will be clinical testing to be conducted late summer 1997.

The advanced version of the LSTAT should include systems requiring a more aggressive Research and Development posture. Those systems are: the Servo Controlled Ventilation; Servo Controlled Fluid Resuscitation; Advanced Non-invasive Physiologic Monitoring System; and Protection in a Chemical/Biological Contaminated Environment.

There are two major kinds of support which would accelerate the initial capability of the LSTAT. The first is aggressive programmatic support at the Tri-Service level, consistent with the ability to facilitate casualty care missions addressed by the LSTAT for Army,

Marines, Special Operations, and some Air Force applications.

The second kind of support is money. Accelerating the delivery of planned non-invasive sensors and servo-controlled resuscitation devices requires resources (both people and money). Within reason, the greater the resource application to the LSTAT, the faster the development and appropriate testing on future LSTAT versions can be completed.

Question. How does the LSTAT support Marine Corps operations?

Marine Corps Answer. Life Support for Trauma and Transport (LSTAT) is a specific commercial brand name for a medical transportation device for the Stabilization Evacuation Platform (SEP) described in the current DRAFT United States Marine Corps (USMC) Operational Requirements Document presently being finalized at the Marine Corps Combat Development Command. In order to support Marine Corps Operations a SEP must be able to provide self contained life support functions during patient evacuation and enhance care to injured Marines during pre-operative, post-operative and medical evacuation in a combat environment.

Question. What must be done to accelerate the operational capacity of the LSTAT?

Marine Corps Answer. Three conditions must be met for the LSTAT to meet operational requirements:

a. Assurance of effective and reliable operation in the extreme conditions inherent to a combat environment. Specific combat operational requirements have been summarized in the current DRAFT United States Marine Corps (USMC) Operational Requirements Document.

b. Receipt of FDA approval. FDA approval is expected to be completed in the May 1997 timeframe.

c. Certification of protection of the casualty from a chemical/biological warfare scenario.

[Clerk's note.--End of questions submitted by Mr. Lewis. Questions submitted by Mr. Murtha and the answers thereto follow:]

Medicare Subvention

Question. Under the Medicare subvention agreement, the TRICARE Prime enrollment fee ($230) is waived to Medicare beneficiaries over age 65. Is this enrollment fee currently waived for the Medicare-eligible TRICARE Prime enrollees under 65, and if not, why not?

OSD Answer. The Department does not waive the TRICARE Prime enrollment fee for eligible beneficiaries under age 65. We have previously determined that Medicare-eligible beneficiaries under age 65 are eligible for TRICARE Prime enrollment because they are CHAMPUS beneficiaries. Thus, their eligibility for TRICARE Prime is based on their CHAMPUS status, not their Medicare status. At present, the Department has no regulatory basis for waiving the enrollment fee for a subset of CHAMPUS beneficiaries simply because they have access to other health care coverage (Medicare).

Enrollees in the Medicare demonstration project, by contrast, would be eligible for the demonstration project based solely on their status as Medicare-eligible military beneficiaries. These beneficiaries are not CHAMPUS-eligible and therefore, not subject to the enrollment fees required by those programs.

Question. Are dual eligibles under TRICARE Prime provided full and equal access to information through marketing brochures regarding their unique benefits and conditions with the dual eligibility similar to

that provided Federal Employees Health Benefit Program--FEHBP Health Maintenance Organization--HMO participants who are eligible for Medicare? Please provide this Committee with all of the marketing materials describing unique benefits and requirements for the Military Medicare eligibles under 65.

Army Answer. Yes. Marketing materials advise dual eligibles desiring enrollment in TRICARE Prime and others for which CHAMPUS is second payer to Medicare of the requirement to contact local military hospital health benefits advisors in order to process approvals for this coverage. Military hospital staff provide necessary information to ensure understanding of the coordination of this benefit. The TRICARE Marketing Office distributes marketing materials which include information on availability of the TRICARE Prime benefit for disabled beneficiaries. The marketing office also relies on the CHAMPUS Handbook, periodic flyers and one-on-one beneficiary sessions to convey other associated information to the beneficiary.

Question. FEHBP HMO participants are not required by Congress to purchase Medicare Part B as a condition to enrolling in FEHB plans, why does Congress and the Administration require military retirees to purchase Medicare Part B or be denied enrollment in their earned military provided health benefit when it is not required of Federal civilian annuitants?

Army Answer. The Federal Employee Health Benefit Program (FEHBP) is not a Medicare program. Under the FEHBP, participating government agencies pay large subsidies to support employee participation in the FEHBP as a condition of current or previous employment. Also, employees must pay monthly premiums for FEHBP coverage. Per statute, in order to obtain CHAMPUS secondary coverage, a disabled person must choose to enroll in Part B. The statutory requirement for Part B coverage to obtain disabled CHAMPUS secondary coverage applies to TRICARE Prime, TRICARE Extra and TRICARE Standard.

Medicare-Eligibles Under 65

Question. Prime Medicare-eligibles under 65 are currently overpaying their fees. First: they are the only category of beneficiaries to be required to purchase other health insurance as an additional condition for eligibility to TRICARE Prime. Medicare Part B at $43.00 per month. Second, they must pay the TRICARE Prime enrollment fee of $230 per year. Third: Medicare pays first, CHAMPUS pays second, and a $12 copay is collected from the patient by the provider. This constitutes an overpayment of fees by the most vulnerable group of beneficiaries--the disabled.

Medicare-eligibles under 65 are included as eligible for TRICARE Prime by DoD policy only and can be easily reversed if their participation is deemed too costly. The disabled are not protected with mandated eligibility for TRICARE Prime as are all other beneficiaries. We believe it is unconscionable for the Administration to exclude the disabled from eligibility for the Medicare Subvention agreement, even though no civilian Medicare ``at risk'' HMO is allowed by law to exclude disabled Medicare-eligibles from enrollment.

101 requirements protecting specific benefits to Medicare-eligible beneficiaries are included as part of the agreement. Medicare beneficiaries under age 65 are equally entitled to these covered services and protections under Medicare. Does TRICARE Prime currently offer the 101 protections of all Medicare benefits and requirements to Medicare-eligibles?

OSD Answer. The goal of the Medicare subvention demonstration project described in the DoD/Health and Human Services--HHS agreement is to offer improved access to military health care to those who currently may access the military health care system solely on a space-available basis. Military Health Services System beneficiaries eligible for Medicare due to disability are already TRICARE-eligible. Since DoD already affords Medicare-eligible beneficiaries under age 65 priority access to military health care through enrollment in TRICARE Prime, there is no need for the Department to test whether it can provide care to that population as part of the Medicare subvention demonstration.

The Department is unclear about the meaning of the term ``101 requirements'' and to what ``agreement'' the question refers in the first sentence of the third paragraph. The Department respectfully requests clarification of the question so that an accurate answer may be provided.

Question. 101 requirements protecting specific benefits to Medicare-eligible beneficiaries are included as part of the agreement. Medicare beneficiaries under age 65 are equally entitled to these covered services and protections under Medicare. Does TRICARE Prime currently offer the 101 protections of all Medicare benefits and requirements to Medicare-eligibles?

Army Answer. The TRICARE Prime program does not use the same rules and procedures used by the Medicare Program, as the statutory basis for the two programs is different. The TRICARE program includes protections which are similar to those of the Medicare program to ensure beneficiaries receive informed and enhanced access to quality, cost effective health care services.

Question. If Medicare is not the primary payer of covered services, is it legal for CHAMPUS to pick up the full amount under Prime when CHAMPUS is legislated to pay only second payer amounts? If Medicare-eligibles under 65 participation in TRICARE Prime is legal from a funding perspective without Medicare reimbursement, and the Defense Health Program is all one funding source, why would Medicare-eligibles be limited to CHAMPUS as second payer status in a Standard of Extra situation?

OSD Answer. Medicare is considered the first payer for all of the TRICARE options: Prime, Extra, and Standard, for this category of beneficiaries. Contractors under TRICARE Prime are required to bill Medicare for services provided to Prime enrollees in the same manner that payment is sought on services provided to all other enrollees with other health insurance. Thus, Medicare is treated under Prime as any other health insurance carrier.

Question. If Medicare is not the primary payer of covered services, is it legal for CHAMPUS to pick up the full amount under Prime when CHAMPUS is legislated to pay only 2nd payer amounts? If Medicare eligibles under 65 participation in TRICARE Prime is legal from a funding perspective without Medicare reimbursement, and the DHP is all one funding source, why would Medicare eligibles be limited to CHAMPUS as second payer status in a Standard or Extra situation?

Army Answer. In instances where CHAMPUS is secondary payer to Medicare, CHAMPUS makes its payments and coverage decisions based on its own coverage rules, considering what Medicare has paid. When both Medicare and CHAMPUS cover a service, CHAMPUS pays up to the CHAMPUS allowable amount not covered by Medicare. CHAMPUS would not pay for primary amounts not paid by Medicare when the service is a Medicare covered service. If Medicare does not cover a service which is a CHAMPUS covered service, CHAMPUS will pay up to CHAMPUS allowable

amounts.

Even though funds for direct military facility health care services and CHAMPUS are a part of the Defense Health Program (DHP), the statutory basis for the two entities is not the same. The Medicare program does not reimburse the Department of Defense for TRICARE Prime services provided to disabled beneficiaries under age 65 years. CHAMPUS is second payer to Medicare only when dually eligible, disabled beneficiaries under age 65 enrolled in TRICARE Prime are referred for services not available in the military facility (to civilian network and other providers) or when such beneficiaries use TRICARE Standard or TRICARE Extra.

Hepatitis C

Question. The Subcommittee has become aware of the increasing severity of the hepatitis C problem in this country which the Centers for Disease Control now estimates affects approximately 3.9 million individuals. As you know, if left untreated, this can lead to chronic liver disease and eventually after many years to liver failure. What can you tell us about the scope of this problem amount (among) military personnel?

OSD Answer. Published results of surveys of selected groups within the military have found a prevalence of hepatitis C of around 0.5-1.0%, which is in the range observed in the general population. Last year, 21 cases of hepatitis C were reported as notifiable conditions in the U.S. Army. Risk factors known to be associated with hepatitis C transmission such as intravenous drug abuse are not common among military personnel.

Question. DoD now requires blood testing for HIV infection but, as we understand the situation, does not test these blood samples for hepatitis C. Could you update the Subcommittee on current DoD policies for hepatitis C screening and tell us the basis for these policies.

OSD Answer. DoD complies with guidelines from the Food and Drug Administration (FDA) to screen blood donors for evidence of hepatitis C infection.

Question. What is the DoD policy regarding retention on active duty for military personnel who are diagnosed with hepatitis C.

OSD Answer. History of hepatitis C infection, by itself would not be automatic grounds for medical separation. Factors which determine retention on active duty include the nature and severity of an illness or injury and the ability of the Service member to perform their military duties. Any disability evaluation proceeding related to hepatitis C infection would be based on the severity of clinical illness and persistence of symptoms or biomarkers indicative of impaired liver function or chronicity.

[Clerk's note.--End of questions submitted by Mr. Murtha. Questions submitted by Mr. Dicks and the answers thereto follow:]

Champus Reform Initiative (CRI)

Question. Prior to the Department's initial implementation of its managed-care program, then called the CHAMPUS Reform Initiative (CRI), the Congress passed legislation to assure that the model would include the concepts of resource sharing and resource support. This sharing of staff, equipment, and resources between the civilian and military portions of the Military Health Services System would assure that

services in the military treatment facility would be maximized.

It has been nearly ten years since the original CRI contract (now evolved into TRICARE) was awarded and implemented. Have resource sharing and support agreements increased access to the beneficiary as originally intended?

OSD Answer. In some cases resource sharing has allowed MTFs to increase access for their beneficiaries. But resource sharing, by itself, has not had the impact we originally envisioned. Our earliest experience with managed care in California and Hawaii, and the success that resource sharing had in those regions, led us to believe that the resource sharing approach was the only way to increase access and bring more CHAMPUS work into the MTF. TRICARE Regions have relied on resource sharing to varying degrees. MTFs, especially in Regions 3 and 4, have used a number of options in addition to resource sharing to recapture CHAMPUS work and increase MTF access.

Question. Please provide the committee the numbers, types and locations of agreements currently in existence, the populations they serve, and any significant trends with these agreements over the last decade. How does the Department encourage its prime contractors to effectively use this tool to increase access to quality health care in a cost-effective manner?

OSD Answer. There are currently 316 resource sharing agreements and 34 resource support task orders in existence. Additionally, there are 64 resource sharing agreements pending. These are as follows:

Region*	Resource sharing agreements		Resource support task orders
	Signed	Pending	
3	36	17	6
4	22	0	1
6	57	7	3
7	35	16	1
8	38	17	6
9	62	2	12
10	38	1	3
11	15	4	2
12	13	0	0

*Regions 1, 2, and 5 were recently awarded and health care delivery will not begin until May 1998.

The types of agreements currently in existence vary according to the needs of individual MTFs and their CHAMPUS eligible population. Since Regions and MTF utilize resources sharing in different ways and to different degrees, it is difficult to isolate an overall trend. Clearly our experience with resource sharing in some regions (such as 3 and 4) has been a disappointment. Resource sharing within TRICARE Regions 7 and 8, which began health care delivery this spring, seems to be off to a faster start when compared to other regions that preceded it.

Contractors were required to decrease their bid, up front, for resource sharing. This created a strong incentive for the contractor to utilize resource sharing to bring care back into the MTF. The Department requires that MTFs make the fullest possible use of resource

sharing to increase beneficiary access to quality health care in a cost-effective manner. Contractor and MTF progress is tracked on a monthly basis.

[Clerk's note.--End of questions submitted by Mr. Dicks. Questions submitted by Mr. Hefner and the answers thereto follow:]

Medicare Subvention

Question. Under the Medicare subvention agreement, TRICARE Prime enrollment fee ($230) is waived for Medicare beneficiaries over age 65. Is this enrollment fee currently waived for the Medicare eligibles under 65 PRIME enrollee, and if not, why not?

Army Answer. The TRICARE Prime enrollment fee is waived under the proposed DoD Medicare subvention demonstration as a test to see if this arrangement is affordable to the Department of Defense. The decision was not based on payments under any existing program. The Department has no regulatory basis for waiving the Prime enrollment fee for beneficiaries based on other coverage. The demonstration will require enrollment in Medicare Part B with monthly premium payments which may be compared to Prime enrollment premiums paid by under 65 disabled enrollees.

Question. Are dual eligibles under TRICARE Prime provided full and equal access to information through marketing brochures regarding their unique benefits and conditions with the dual eligibility similar to that provided FEHBP HMO participants who are eligible for Medicare? Please provide this Committee with all of the marketing materials describing unique benefits and requirements for the Military Medicare eligibles under 65.

Army Answer. Yes. Marketing materials advise dual eligibles desiring enrollment in TRICARE Prime and others for which CHAMPUS is second payer to Medicare of the requirement to contact local military hospital health benefits advisors in order to process approvals for this coverage. Military hospital staff provide necessary information to ensure understanding of the coordination of this benefit. The TRICARE Marketing Office distributes marketing materials which include information on availability of the TRICARE Prime benefit for disabled beneficiaries. The marketing office also relies on the CHAMPUS Handbook, periodic flyers and one-on-one beneficiary sessions to convey other associated information to the beneficiary.

Question. FEHBP HMO participants are not required by Congress to purchase Medicare Part B as a condition to enrolling in FEHB plans, why does Congress and the Administration require military retires to purchase Medicare Part B or be denied enrollment in their earned military provided health benefit when it is not required of Federal civilian annuitants?

Army Answer. The Federal Employee Health Benefit Program (FEHBP) is not a Medicare program. Under the FEHBP, participating government agencies pay large subsidies to support employee participation in the FEHBP as a condition of current or previous employment. Also, employees must pay monthly premiums for FEHBP coverage. Per statute, in order to obtain CHAMPUS secondary coverage, a disabled person must choose to enroll in Part B. The statutory requirement for Part B coverage to obtain disabled CHAMPUS secondary coverage applies to TRICARE Prime, TRICARE Extra and TRICARE Standard.

[Clerk's note.--End of questions submitted by Mr. Hefner. Questions submitted by Mr. Dixon and the answers thereto follow:]

Life Support Trauma and Transportation

Question. How does the Life Support Trauma and Transportation (LSTAT) fit within the Army's evolving doctrine for far-forward combat casualty care?

Army Answer. The LSTAT is an integrated system of advanced technologies designed to deliver intensive care capability in austere or far forward areas. The LSTAT is capable of running on battery power or can adapt to the power sources of any available military vehicle, and standard power in both the U.S. and Europe. The LSTAT also contains an on-board data logging system capable of logging physiological performance of the patient, as well as recording data concerning the performance of the equipment (kind of like a flight recorder). In addition, the LSTAT has a data access port where linkages can download and transport data to any necessary receptor site.

Once a candidate casualty is on an LSTAT, it is possible that the casualty could remain on the LSTAT throughout early as well as definitive treatment and evacuation. Thus, a logistic concern is re-supply and re-cycling of LSTATs.

The LSTATs are capable of fitting and being properly harnessed in any available military evacuation platform (UH-1, UH-60, HMMWV ambulance, C-130, C-17, C-19, C-141, C-5, etc.)

The LSTAT supports Joint Vision 2010 by enhancing initial care by the first responder, and by providing stabilizing and resuscitative support during enroute care.

Question. How does the LSTAT support Marine Corps operations?

Marine Corps Answer. Life Support for Trauma and Transport (LSTAT) is a specific commercial brand name for a medical transportation device for the Stabilization Evacuation Platform (SEP) described in the current DRAFT United States Marine Corps (USMC) Operational Requirements Document presently being finalized at the Marine Corps Combat Development Command. In order to support Marine Corps Operations a SEP must be able to provide self contained life support functions during patient evacuation and enhance care to injured Marines during pre-operative, post-operative and medical evacuation in a combat environment.

Question. What needs to be done to accelerate the initial operating capability of the LSTAT?

OSD Answer. The initial operating capability for the LSTAT can be accelerated by aggressive program management to coordinate and synchronize Tri-Service efforts. This will insure that Service funding is aligned appropriately by fiscal year, and Service requirements for the LSTAT Test and Evaluation phase of the project will be determined concurrently.

[Clerk's note.--End of questions submitted by Mr. Dixon. Questions submitted by Mr. Young and the answers thereto follows:]

Unrealistic Savings Estimates

Question. The President's Budget for the Defense Health Program (DHP) is $10 billion. This is approximately $167 million less than the

Fiscal Year 1997 appropriation. The budget assumes savings from the use of ``Utilization Management'' (UM) and other efficiencies. However, DoD has not been successful in fully implementing these techniques and its 7% estimate of savings is not tied to any historical data and may not be realistic. Dr. Joseph, GAO believes that the President's Budget for the Defense Health Program is actually underfunded, possibly by as much as $609 million. According to GAO, a large part of this shortfall can be attributed to assumptions made in the budget regarding savings estimates. We understand that Administration budget analysts calculated savings of nearly 7% attributable to revised management practices known as ``Utilization Management.'' Dr. Joseph, in your judgment, is this a realistic figure?

OSD Answer. Achieving the reductions associated with utilization management represent one the most difficult challenges the Defense Health Program (DHP) faces. The methodology for developing the 7% factor and the fiscal base to which it was applied does warrant additional consideration. However, we are committed to developing a health care system that maximizes return, in terms of health care delivered, for each dollar invested. The underlying principles that constitute utilization management can significantly contribute to accomplishing this goal. While I feel achieving the current utilization management target will be extremely challenging, I also feel it is attainable.

Question. An October 1996 DoD Quality Management Report stated that: ``Implementation of the new [utilization management] policy and its basic requirements did not meet expectations . . . and continues to be variable across the Military Health Services System.'' Dr. Joseph, if you are not meeting your goals in terms of utilization management policy, how is it possible to achieve higher savings from utilization management in the 1998 budget?

OSD Answer. The savings associated with utilization management represent a ``stretch goal.'' However, the underlying concepts are sound. Our utilization management strategy is being implemented at a time of tremendous change within DoD's health care system. Clearly, there is a learning curve involved with its deployment and integration into the managed care environment. The fact that initial results may not have been as productive as first projected, does not provide sufficient impetus to abandon the strategy altogether. I believe the most productive path at this point is to continue with the aggressive targets, monitor results closely, and be prepared to modify the goals if and when necessary.

Question. Last year, an internal DoD document stated that unrealistic savings estimates would push the system ``beyond its ability to provide appropriate quality care to eligible beneficiaries.'' Is this still the case? Do you agree that the Military Health Services System (MHSS) would be pushed beyond its reasonable limits if it were required to operate within a budget that assumed 7% savings?

OSD Answer. The DHP is in the process of reducing and reconfiguring a system that by its very nature is resistant to change. I believe we have charted a very challenging but attainable financial course. We are implementing a number of cost containment initiatives. Our ability to meet the Department's medical requirements within current fiscal constraints is predicated on the success of these initiatives. Failure of any initiative, sub-optimal results, and/or unforeseen contingencies may risk pushing the system beyond its ability to provide appropriate quality care to eligible beneficiaries.

Question. Would beneficiaries be adversely affected? How might beneficiaries be affected? Would the quality of care decline? Would access to care be reduced?

OSD Answer. Currently there is not a fiscal shortfall in the DHP. The budget contains a number of aggressive savings targets but I feel they are achievable. We will not compromise the quality of our care. If some of the challenging cost savings goals in the budget become unattainable, access, not quality, could be at risk.

Question. How would this budget affect military medical treatment facilities?

OSD Answer. Assuming utilization management generates savings, the managed care network performs effectively, and our emphasis on health awareness and illness prevention produce results, I believe the military treatment facilities are funded at the minimum essential level in FY98.

Budget Projects No Growth

Question. GAO believes that the Administration's medical inflation estimates are not accurate and ignore certain cost growth factors. DOD Health Affairs identified a requirement of $84 million for cost growth associated with advancements in technology (Technology and Intensity). However, this was rejected by the Office of Management and Budget. Dr. Joseph, according to GAO, during fiscal years 1985 to 1996, the operation and maintenance funds for DoD's health program increased by 73% in real terms. The President's Budget assumes no growth for 1998-2003. Is this realistic given past experience?

OSD Answer. Clearly, a different world exists in regard to both medical technological advancements and also in respect to force structure growth and for the time being we are not experiencing the rate of growth that occurred in the late 80's. The program for FY98 is executable. The current funding stream for FY99-03 will be revisited during the Program Review cycle this summer. During this review we will be addressing major reductions laid into the DHP during the last program review and the issue of technology and intensity (T&I). Assuming acceptable resolution of these problem areas, the outyear program would be executable.

Question. Did the President's budget estimate include funds for medical inflation? How was this calculated?

OSD Answer. Yes, the budget does include an adjustment for medical inflation. The rate is approximately 4.1% and applies to selected elements of the program as appropriate.

Question. Dr. Joseph, can you explain ``technology and intensity''? Does the private sector health care industry consider technology and intensity as a cost factor?

OSD Answer. Technology and intensity is medical cost growth that exceeds cost increases due to general inflation, medical inflation, and population growth. As health care providers adopt new and expensive medical technologies and offer more intensive patient treatment, medical cost growth occurs above the rate of medical inflation. In the private sector, health care firms do consider T&I and include it as a cost factor in their contract bids.

Question. How does technology and intensity affect the DoD medical program? How does this factor affect patient care?

OSD Answer. Technology and intensity increases the cost of operating DoD's medical program. In terms of patient care, technology and intensity improves the quality of care available to the patient. As

a result of technology and intensity, the latest technology in the appropriate amount is available and provided to each patient.

Question. Did the budget include a specific adjustment for technology and intensity? If not, why not?

OSD Answer. No, the budget did not include a specific adjustment for technology and intensity. The Administration's policy has been not to budget for technology and intensity in discretionary medical budgets. The Department has agreed to address this issue during the up-coming program review cycle.

Question. How much funding would be needed in 1998 to cover requirements associated with technology and intensity?

OSD Answer. The Defense Health Program is carefully reviewing the cost of technology and intensity. Current estimates put the cost between 1%-8%. FY98 technology and intensity costs are projected to be 0.5% or approximately $84 million.

Defense Health Budget Shortfall

Question. The Office of Management and Budget (OMB), the DOD Comptroller and Health Affairs have agreed to request $274 million of additional funds for 1998. $163 million of this is for paying outstanding CHAMPUS claims from prior years. $78 million is an unspecified amount for operation and maintenance costs. $33 million is for inflation. These adjustments do not address GAO's concerns regarding unrealistic savings estimates, and only partly address the issue of inflation. Dr. Joseph, we understand that you are in discussions with the Comptroller regarding this budget shortfall. What is the status of those discussions?

OSD Answer. Those discussions are complete. We have agreed that an additional $261 million would fund the program at the minimum essential level. (+$274 million less $13 million for revised Foreign Currency Fluctuation Adjustment estimates)

Question. Have you arrived at a new budget figure for the 1998 Defense Health Program? What is that figure?

OSD Answer. As a result of detailed negotiations between Health Affairs, DoD Comptroller, and OMB, the new fiscal year 1998 Defense Health Program Operation and Maintenance (O&M) budget figure is $10,027,582,000.

Question. Why is this the correct number? Will you please tell the Committee how you arrived at that figure?

OSD Answer. The $10,027,582,000 represents minimum essential operation and maintenance resources necessary to support the Defense Health Program's primary mission. This figure was arrived at through an arduous process integrating both financial and operational expertise from each echelon within the Department's medical force structure.

Question. Please explain the $163 million of ``transition costs'' included in the new estimate. If these are expected, leftover or ``must pay'' CHAMPUS bills, why aren't these costs included in the budget?

OSD Answer. In 1995, the Department decided to delay the implementation of the last two Managed Care Support contracts for three months in fiscal year 1997. Program decision memorandum (PDM) I, dated 18 August 1995, directed that $187 million of fiscal year 1997 pipeline costs be deferred until fiscal year 1998. Thus, it reduced the pipeline funding for the last two contracts by more than half in fiscal year 1997. Pipeline estimates for a contract essentially represented four months of the standard benefits requirements. Subsequent to that decision, Health Affairs determined that the pipeline estimate should

equal less than 4 months of the benefits based on actual experience and decreased that requirement to 3 months. This reduced the fiscal year 1998 deferred pipeline estimate of $187 million to $163 million. Prior to that action, no pipeline costs were programmed for fiscal year 1998.

Question. Please explain the $78 million in operation and maintenance costs which will be added back. What is this for? Why is this the right number?

OSD Answer. The fiscal year 1998 Defense Health Program budget was adjusted for military personnel pay raises at the composite rate used for budgeting Military Personnel appropriations. The Defense Health Program rates grew faster than the standard inflation for MILPERS. These are ``must pay'' bills and Operations and Maintenance funds were reduced to cover the additional MILPERS costs. Therefore an additional $78 million was required. This was not provided in the fiscal year 1998 budget.

Question. Please explain the inflation adjustment of $33 million. Does that adjustment for inflation take into account ``technology and intensity'' of treatment? Does that amount address your 1998 inflation funding requirements?

OSD Answer. The Defense Health Program was erroneously decremented by $13 million for a change in the medical inflation rate. Additionally, a $20 million increase due to Defense Business Operation Fund (DBOF) rate increase was not included. The aggregate impact was to understate DHP requirements by $33 million. The adjustment to correct this deficiency did not take into account the effect of technology and intensity of treatment. The $33 million does appropriately fund the Defense Health Program fiscal year 1998 inflation generated requirement.

Question. If Technology and Intensity are considered, the General Accounting Office reports that the 1998 President's Budget would understate the Defense Health Program by as much as $3.2 billion over the 1998-2003 period. And this figure assumes that DoD is fully successful regarding savings due to utilization management (UM). What are you doing to address the potential impact of technology and intensity as a cost factor?

OSD Answer. Cost growth associated with technology and intensity presents Health Affairs and the Department as a whole with a significant financial problem. To date, Administration policy has been to not budget for technology and intensity in discretionary medical budgets. This policy has contributed to the fiscal dilemma alluded to in your question. To correct the problem, the Department has agreed to carefully examine the issue during the upcoming summer review cycle.

Question. Dr. Joseph, do you believe that we are properly budgeting from the Defense Health Program in the Future Years Defense Plan?

OSD Answer. I believe our capitation financing methodology provides us the most accurate budgeting tool available to project our current and future financial requirements. However, I do not believe that sufficient resources are currently included in the Future Years Defense Plan to meet the projected medical requirements of our beneficiary population. However, we will reevaluate the Defense Health Program Future Years Defense Plan funding during the upcoming Summer Program Review.

Question. Dr. Joseph, it is clear from our discussion that while the Comptroller and the Office of Management and Budget have agreed to come your way a little on the budget, there still may be requirements that are unmet. For the record, will you provide the Committee with a list of your actual requirements--including the technology and

intensity factor?

OSD Answer. Currently, the Defense Health Program is funded at the minimum essential level for fiscal year 1998. I was pleased that we were able to work out a solution to obtain $274 million within the Department. The budget and the $274 million amendment yield a program that is challenging and will require difficult choices but is executable. The $274 million addresses our critical shortfalls regarding CHAMPUS pipeline buyout, Military Personnel pricing, and misapplication of inflation reduction. If technology and intensity were approved at one-half of one percent it would require an additional $84 million. If utilization management savings estimates were reduced to one percent of discretionary Operations and Maintenance, an additional $69 million would be required.

Quality of Care--Accreditation

Question. A Quality Management Report (QMR) recently issued by DOD outlined both the progress and deficiencies in the management of the direct health care system. Although there was some progress, the report highlighted several problems concerning: accreditation of hospitals; resource management and credentials; utilization management; medical readiness; access to care; and outcomes of patient care.

The QMR reported problems in accrediting DOD hospitals such as: Keeping complete patient data (e.g. significant diagnoses, conditions, etc.); special treatment procedures; competence assessment; initial assessment; medication use; and management of the environment of care.

The Joint Commission on Accreditation of Healthcare Organization (JCAHO) is responsible for accrediting military hospitals. In 1995 JCAHO surveyed 45 hospitals and 8 clinics and generally found that DOD facilities did well in comparison with civilian hospitals. However, DOD hospitals did not do well in six specific and important areas, to include Special Treatment Procedures and Patient-specific Data and Information which were particularly weak.

Dr. Joseph, will you explain what these indicators mean?

OSD Answer.

1. Management of Environment of Care--Design.--The organization designs a safe, accessible, effective, efficient environment of care in accordance with its mission and services as well as laws, and regulations.

2. Medication Use.--Relates to: (1) prescribing, ordering, preparing, dispensing, administration of medication (2) monitoring the medication's effect on the patient

3. Initial Assessment.--An initial screening or assessment of each patient's physical, psychological, and social status is performed to determine the need for care, the type of care required, and the need for any further assessment.

4. Competence Assessment.--The organization assesses an individual's ability to achieve expectations as stated in his/her job description. Competence assessment activities exist and are documented for each staff member.

5. Special Treatment Procedures.--When using interventions such as aversion therapies, electroconvulsive therapy, and restraint/seclusion, clinicians make greater than ordinary efforts to ensure that their use is warranted and that patients are protected during the procedures.

6. Patient-specific Data and Information.--The information-management function provides for the definition, capture, analysis, transformation, transmission, and reporting of individual patient-

specific data and information related to the process(es) and/or of the outcome(s) of the patient's care.

Question. Why are the special procedures and patient data areas so weak? What is the problem?

OSD Answer. DoD aggregate compliance with these JCAHO grid elements was not as high as we would like to see but compliance was even lower for the civilian sector. We have not asked the Services why these particular areas are weak but the Services are well aware of their weak areas on the JCAHO surveys and are working to improve them. These areas are new grid elements introduced to the JCAHO survey in 1995.

Question. What can be done to improve compliance in these two specific areas?

OSD Answer. The Services are aware of their compliance levels with these grid elements and are working to improve them. Medical Treatment Facilities which were weak in these areas are also working to improve them.

Question. What are you doing to increase compliance with the JCAHO standards in the six specific areas?

OSD Answer. The Services Quality Management Divisions receive the Annual DoD Quality Management Report (QMR) when it is published and one of the Health Affairs recommendations to the Services in the QMR is to improve hospital compliance in these six specific areas. Each Service will address these areas to improve them and Health Affairs will continue to monitor the JCAHO Hospital Accreditation Program Aggregate Compliance Data for DoD each year to monitor their improvement.

Credentials and Privileges

Question. The Quality Management Report recommended that DoD should make improvements in tracking malpractice and adverse privileging actions against physicians and health care providers. The recent Quality Management Report found that DoD medical staff generally have adequate credentials. However, the report also determined that DoD does not maintain accurate or complete adverse privilege and malpractice data. What are you doing to keep track of inferior physicians and poor medical practices?

OSD Answer. DoD hospitals surveyed by the JCAHO in 1995 displayed strong performance in the area of Medical Staff-Credentialing. Ninety three percent of DoD hospitals were in compliance with this grid element compared to 60.5 percent of civilian hospitals. This achievement confirms the DoD commitment to a strong credentials and clinical privileges review process.

DoD follows JCAHO standards in credentialing and privileging all healthcare providers. This includes primary source verification of credentials upon accession into the DoD system, as well as review of licensure, training, experience, current competence, and health status before being granted clinical privileges. Once appointed to the medical staff, review for reappointment occurs every 2 years thereafter based on a healthcare providers performance (performance based privileging) and previously mentioned criteria.

Accurate and complete malpractice and adverse privileging action data is maintained and monitored at the Medical Treatment Facilities and Service levels. DoD also collects this same data from the Services for monitoring and analysis by the Defense Practitioner Data Bank (DPDB) at the Armed Forces Institute of Pathology (AFIP), which reports to Health Affairs. The problem for AFIP has simply been a process problem related to collecting the data from the Services in a timely

manner so the data is complete for developing valid rate based reports and trending analysis. The Centralized Credentials Quality Assurance System version 2.0 will address this problem by allowing much faster data collection for the Services and the DPDB with its daily global replication ability. The system is anticipated to be deployed in the Fall of 1997.

Question. In order to protect the best interests of the patients, how do you identify and get rid of poor performers?

OSD Answer. Performance based privileging identifies and allows removal of poor performers through ongoing review of credentials, privileging, outcomes, peer review, adverse privileging actions, malpractice, continuing education attendance, additional training, licensure maintenance, quality management results, patient comments, and National Practitioner Data Bank queries.

Question. Conversely, how do you identify and keep the excellent performers? Could we do better in this area?

OSD Answer. Performance based privileging also identifies excellent performers. Retention would be improved by keeping them practicing in their specialties, exposing them to operational medicine, and maintaining graduate medical education programs, which help recruiting and retention of the highest quality people.

National Practitioner Data Bank

Question. The National Practitioner Data Bank (NPDB) essentially tracks bad physicians and health care providers. Of a total database of 133,000 reports, DoD represents 467 reports. About 84% of those reports are on doctors. This is higher than civilian statistics. What are we doing to bring the number of reports down?

OSD Answer. Physicians represent only a slightly larger percentage of the total DoD reports in the NPDB than in the civilian sector, however, this is not a problem. What is important is the percentage of DoD physicians with reports on them in the NPDB. DoD physicians only represent 3 percent of reports in the NPDB compared to the civilian sector, which is 9 percent. To keep the number of reports down for all categories of healthcare providers, risk management data is monitored on an ongoing basis at the Medical Treatment Facility, Service, and Health Affairs levels.

Question. The Quality Management Report stated that DoD had only a 3% match rate compared with a 9% civilian match rate on the National Practitioner Data Bank (NPDB). However, the report also noted that this data is likely to be skewed because DoD recruits physicians directly from professional schools and because active duty patients are not permitted to make claims against DoD. Dr. Joseph, how can we get a better handle on this situation? How can we give patients confidence that the doctors they see are competent? How does DoD know that they are competent?

OSD Answer. We give patients confidence that the doctors they see are competent through our ongoing performance based credentialing/ privileging process and external accreditation surveys such as JCAHO, which confirm our commitment to providing competent doctors to our patients.

DoD knows that providers are competent because of the performance based privileging process and external review of that process by JCAHO, which found 93 percent of DoD hospitals in compliance with the Medical Staff--Credentialing grid element compared to 60.5 percent of civilian hospitals.

Question. As of last year, only 50% of DoD physicians were Board Certified. Only 40% of Navy physicians were certified. What are you doing to increase the numbers of Board Certified DoD physicians? What are you doing to correct this problem--particularly with the Navy?

OSD Answer. The percentage of all DoD physicians that were board certified in 1995 was 50%. However, the denominator for that percentage does include 3352 physicians in training. When the physicians in training are removed from the denominator, the percentage of DoD physicians who are board certified goes up to 67%, which is slightly higher that the civilian sector percentage of 62%. By removing the number of physicians in training from the Navy denominator, the percentage of board certified physicians goes up to 59% from 40%.

Board certification pay is the program that is used to provide a financial incentive for physicians and all other healthcare providers to attain board certification.

Utilization Management

Question. According to the Quality Management Report (QMR), compliance with DoD's utilization management policy is ``weak'' and needs to be placed ``back on track'' if rates are to improve. Effective utilization management is critical to achieving savings in the budget. In November of 1994, Health Affairs established a Utilization Management policy for the direct care system. The Quality Management Report identified this as a problem: ``Implementation of the new policy and its basic requirements did not meet expectations . . . and continues to be variable across the Military Health Services System.''

A DoD IG report done in June of 1995 also made 18 recommendations as to how to improve utilization management.

Dr. Joseph, isn't proper implementation of utilization management critical to the success of TRICARE?

OSD Answer. Yes, utilization management principles are essential to a comprehensive managed care program and, therefore, are an integral factor in the TRICARE Program. Implementation of utilization management both in the Managed Care Support contracts and in the direct care system is necessary and is being accomplished. Since some of the Military Treatment facilities are in Regions that have not yet started their TRICARE Managed Care Support contracts, and since many facilities will rely upon the contractor to perform some of the utilization management functions, there has been some variability in implementation of the 1994 Policy guidelines. These variations are known, are being examined and improvements are being sought and/or implemented currently.

Question. What have you done to address the criticism of the QMR report, and implement the recommendations of the DoD IG report?

OSD Answer. The recommendations and issues of the DoD IG Report of June 1995 have been thoroughly investigated. We assembled various experts through 1996 at scheduled TRICARE Conferences, Video Tele-Conferences and a special TRICARE Utilization Management Meeting in San Antonio to address these concerns.

Many changes have already been implemented, including development of critical pathways and practice guidelines within many facilities and departments; development of education and training programs for TRICARE managers; expanded definitions of first level reviewers; establishing a Utilization Management track at the annual TRICARE conference; direct dissemination of policy to Lead Agents; and establishment and review of facility and regional utilization management plans. The Department is

currently engaged in updating the 1994 DoD Utilization Management Plan and will publish a revised version within the next several months. The updated plan will include several improvements suggested by private sector experts, service representatives and the DoD IG evaluation report. Additionally, the DoD IG has been asked and is currently involved in conducting a review of progress in Utilization Management since the 1995 report.

Question. For years, our military medical community has been delivering health care based on fee-for-service principles. The transition to a managed care program represents quite a change in philosophy. For instance, in managed care, emphasis is placed on keeping the patient healthy and out of the hospital. Under the fee-for-service system, there were actually incentives to keep a patient in the hospital because Military Treatment Facility commanders received funds based on the intensity of their workload. How are our military medical providers adjusting to this change?

OSD Answer. Military medical providers are adjusting well to this paradigm shift. However, that's not to say it is an easy transition. Surveying both public and private sector health care management structures, managed care emerges as the most effective. It may also be the most complex in terms of incorporating military medical readiness into the equation. We are experiencing successes but we continue to search for areas where managed care principles can produce cost savings without degrading the quality or appropriateness of patient care.

Question. Do DoD health care providers and administrators fully embrace the change to managed care? If not, why not?

OSD Answer. There is clear and unequivocal support for managed care at the highest leadership levels within the Military Health Services System (MHSS). The Surgeons General of the Army, Navy, and Air Force, their senior staffs, and medical treatment facility commanders have embraced managed care and recognize its promise for improving health outcomes by promoting healthy lifestyles; actively engaging in preventive health services; and, when illness or injury strikes, assuring that patients receive the right care, at the right time, in the right setting.

Question. Do DoD health care providers have the necessary training in managed care techniques?

OSD Answer. The medical leadership of the Department of Defense (DoD) is committed to providing managed care training for the health professionals who provide care to DoD beneficiaries. The training is tailored to the needs of various provider groups and occurs at multiple levels throughout the DoD structure.

The Assistant Secretary of Defense (Health Affairs) annually sponsors two world-wide TRICARE conferences for senior level medical management, headquarters level managers, medical facility commanders, and facility level providers. The winter conference is attended by about 1300 people from all three Military Services, representing every level of the DoD healthcare organization. The summer conference, about 400 in attendance, focuses on managed care education needs of regional Lead Agents and their staffs. The main feature of both conferences is a series of required breakout sessions on managed care topics designed to improve provider managed care skills. Both conferences include participation of the senior leadership of the TRICARE Managed Care Support (MCS) contracts, all of whom are experts in the specific strategies and procedures that make managed care so successful in the civilian environment. The conferences highlight opportunities for collaborative efforts between DoD managers and providers and the MCS

contractors to maximize their combined expertise in establishing a managed care environment that meets the needs of DoD beneficiaries.

Each of the regional Lead Agents conducts an annual TRICARE conference which focuses specifically on managed care skill development for providers and managers within the region. Attended by the regional managed care leadership and the DoD network providers, these conferences provide instruction and collaborative opportunities in many managed care subjects. Lead Agents continually oversee the initial and ongoing training of military primary care managers participating in the TRICARE networks conducted by the MCS contractors.

The Uniformed Services University of the Health Sciences offers course work in managed care for prospective medical facility commanders. Entitled ``Medical Executive Training: Clinical and Managerial Decision Support Tools for Managed Care,'' the course focuses on current approaches to the assessment and improvement of the quality of care in DoD and civilian managed care environments. To date, a total of 131 participants from the Army, Navy, Air Force and Coast Guard have completed this training preparatory to assuming command positions.

The Military Medical Departments are systematically integrating managed care concepts and skills into their formal training programs for health care professionals. They systematically furnish provider training for their senior leadership, their primary care managers and newly assigned medical facility commanders. They routinely sponsor their providers' participation in national civilian managed health care conferences, such as the National Managed Health Care Congress and the American College of Health Care Executives. A good example of their commitment to managed care training across the span of a career is the Army's inclusion of managed care in the entry-level Basic Course which every health provider completes when entering military service, in their Advanced Course for more experienced providers, and in the Leadership Development Program required of health care managers before they can qualify for executive positions.

Medical Readiness

Question. DoD continues to struggle with medical readiness. However, dental readiness is becoming a significant problem for the readiness of our forces. According to the Quality Management Report (QMR), 13 to 14% of our Army and Navy personnel are not ready to deploy due to problems of oral health. Have you determined the cause of the lack of dental readiness?

OSD Answer. Problems relating to dental readiness emerged due to increasing disparities in compensation between military dentists and their private sector counterparts. The compensation problem was masked early in the decade due to reductions in dental manpower associated with the ending of the Cold War. As overall military manning stabilized however, it became readily apparent that we were struggling to recruit and retain sufficient numbers of dentists to maintain the fighting force at acceptable readiness levels.

Question. What do you intend to do fix this problem?

OSD Answer. We are attacking the problem on two fronts. First, we are taking immediate measures to ensure that readiness does not deteriorate over the short term. To correct for current dental officer shortages, we have given the Army and Navy twenty five million dollars a year to obtain contract civilian dental personnel. Further, we are developing an overseas family member dental program utilizing host

nation providers, and we are developing a self funded dental plan to provide care for retirees. These initiatives will enable us to concentrate our limited resources on our core dental readiness mission. Second, we are addressing dental officer recruitment and retention. To improve recruiting we have instituted a $30,000 accession bonus and increased special pays for dentists up to the tenth year. To understand what is required in the long run to improve overall retention and maintain a cadre of high quality dental officers, we recently completed a study addressing the effects of pay on a retention throughout a dentist's career. The results of this study are currently being evaluated for possible pay proposals.

Question. General Blanck, you cited reserve readiness in your testimony as being a problem. Can you please elaborate on this problem? What are your plans to fix the problem?

Army Answer. Figures available for fiscal year 1996 show a disconcerting trend across most medical specialities within Army Reserve selected reserve. The loss rate for Medical and Dental Corps officers is over 3 to 1 versus gains. Most of the other Army Medical Department--AMEDD officer corps are experiencing a loss versus gain rate of almost 2 to 1. And similar trends of losses outnumbering gains are shown in the enlisted ranks. There are currently 9 enlisted specialities and 51 officer specialists that cannot meet P2 (80%) strength levels in the Selected Reserve. Included are Respiratory Therapy (38% fill) and Licensed Practical Nurse (74% fill) in the enlisted ranks and Physician Assistant (19% fill), Orthopedic Surgeon (58%) fill, and Family Practice (31% fill) among many others in the officer ranks.

To fix the problem, in December 1996 I met with senior officials of the Army Reserve and Army National Guard. The purpose of that two-day conference was to establish a system to identify those areas in which I could assist them and then begin to affect their repair. We have identified a couple dozen issues, among them is the Army Reserve recruiting and retention (R&R) situation. I have instructed my representative to the Tri-Service Medical Working Group, and the entity that pursues R&R initiatives, to introduce changes to some existing incentive programs and to introduce other new programs, some of which will require congressional funding.

Question. General Blanck, in your testimony you highlighted the Chemical and Biological expertise of the Army Medical Department. What is the Army doing to support the Marine Corps Chemical and Biological Incident Response Teams?

Army Answer. The Army Medical Department has two specialty teams which support the Marine Corps Chemical and Biological Incident Response Team when it deploys. The teams are the Chemical Casualty Site Team from the United States Army Medical Research Institute of Chemical Defense (USAMRICD) and the Aeromedical Isolation Team from the United States Army Medical Research Institute of Infectious Diseases (USAMRIID).

These two teams provide medical augmentation capabilities for chemical and biological incidents in support of the Marine Corps Chemical and Biological Incident Response Team. A capability which the Marine Corps does not have. USAMRICD and USAMRIID also conduct a one week Chemical Biological Casualty Care Course for DoD medical personnel at Ft. Detrick and the Edgewood Area Aberdeen Proving Ground, both in Maryland.

Question. What are your top priorities for medical readiness?

Army Answer. Medical preparedness for military operations is my

number one priority. I have established five AMEDD Imperatives to ensure that we are prepared to support our soldiers, families, and retirees. The Five AMEDD Imperatives: Technology, Quality/Efficiency, Organization, Managed Care, and Readiness will ensure that the AMEDD is capable of providing the finest medical care.

Numbers of Nurses and Physicians

Question. Do you have sufficient numbers of well trained-nurses and physicians to meet both peacetime and wartime requirements?

Army Answer. Yes, if peacetime and wartime are separate scenarios. I currently have sufficient well-trained nurses and physicians in the appropriate specialities to provide peacetime--that is, military, dependent, and retiree--care at my fixed (TDA) facilities. If I add all Reserve Component personnel to my peacetime assets during a one or two Major Regional Conflict (MRC) situation, I will have sufficient well-trained nurses and physicians in the appropriate specialities to meet wartime (TOE) requirements. However, if I must provide continuity of care to dependents, retirees, and expand facilities to accommodate persons evacuated from the Theater concurrent with staffing wartime requirements, I would not now have sufficient well-trained nurses and physicians in the appropriate specialities without dependence on civilian sources of care.

Due to recent call-ups, the Army Reserve has been experiencing loss rates much higher than their gain rates for physicians. Reserve recruiting and retention are both experiencing difficulties in today's environment.

Equipment and Facilities

Question. Do you have sufficient equipment and adequate facilities to meet medical readiness and wartime requirements?

Army Answer. Yes, current force structure supports the Warfight requirements. The Army Medical Department--AMEDD Center and School is leading the way with the Medical Re-engineering Initiative (MRI), to ensure that all medical assets are aligned with the Army Force XXI. An inter-service working group at the AMEDD Center and School is developing joint doctrine in anticipation of increased joint warfighting efforts in future contingencies.

The U.S. Army has sufficient equipment to support the medical readiness requirement of early deploying units identified to support current Defense Planning Guidance. However, resources are very limited to meet the dual challenges of modernizing combat hospital capability, and converting the hospital unit to new configurations more suitable for the support of emerging warfighting doctrine. Without resources being sought in the programming and budget process, the combat hospital units will not, over time, be able to introduce new technologies that offer significant potential to enhance combat casualty care.

Readiness Goals

Question. What are your readiness goals? On a given day, what percentage of our troops are non-deployable due to health considerations?

Army Answer. I believe that I must be able to deploy a healthy, ready and capable medical force that is capable of providing the finest medical care to our soldiers.

The latest figures show the Army-wide non-deployable rate as 11.32% (includes trainees). Non-deployability is measured in three permanent

and five temporary condition categories:

	No.	Percent
Armywide	55,155	11.32
Permanent	3,837	.79
HIV Positive	304	(0.06)
Sole Survivor	25	(0.01)
Permanent Profile	3,508	(0.72)
Temporary	51,318	10.53
Pregnant	3,069	(0.63)
Dental	2,356	(0.48)
No HIV Test	1,642	(0.34)
<12 weeks Tng	36,317	(7.45)
Other	7,934	(1.63)

TRICARE Readiness

Question. How will TRICARE help improve readiness?

Army Answer. TRICARE improves military readiness in several ways. Three key areas of TRICARE readiness support are: (1) Graduate Medical Education programs/military provider medical skills (ensure necessary case-mix for readiness training and sustainment requirements), (2) quality of life for military personnel and family members (provides positive impacts on troop morale and retention goals) and (3) support for contingencies (ensures continuity of health care services during military deployments).

Access to Care

Question. Access to care continues to be a problem for many military members and their families. Although TRICARE is being phased in, access is still not adequate or up to standard. The Quality Management Report stated that patient perceptions of access to care in military hospitals were ``not as favorable'' as with access to civilian care. A 1994-1995 Health Care Survey of DoD beneficiaries showed that the highest priority beneficiaries, active duty members, rated their access to care as fair to good (2.7 on a scale of 5.0). Active duty members also said that over 50% of the time, they were not able to see a provider within one week of scheduling an appointment. TRICARE's goal is to see a patient no more than one week from scheduling an appointment. Dr. Joseph, what are we doing to cut down on waiting times?

OSD Answer. The Department shares the concerns expressed by the 1995 Quality Management Report that active duty service members are not satisfied with their access to health care as documented by the 1994-1995 Health Care Survey. The Report recommended that the Services and Lead Agents monitor access closely and meet all TRICARE Prime access standards.

The Department, by regulation, established strict access standards for beneficiaries enrolled in TRICARE Prime. The Department has directed the Services and Lead Agents to ensure that TRICARE access standards for prime enrollees are being met. A recent comprehensive survey shows that improvements are occurring. The results of a smaller survey conducted in Regions 6, 9, 10, 11 and 12 show that in most cases

TRICARE Prime access standards are being met. Eighty-five percent of all respondents, which included active duty members, were able to receive assistance within 24 hours for urgent care cases. For minor illnesses, 95% of all respondents were able to obtain appointments within TRICARE Prime's seven day access standard.

Question. General Blanck's statement says that the goal of the Army Medical Department is to ``become the best health care system possible for the Nation.'' He goes on to say, the Army already provides ``truly-world class care at less cost that available alternatives.'' These are laudable goals. Unfortunately, I am not sure we are there yet. And I am not sure that people like Susan Jones, an active-duty Air Force wife, would agree with this. Mrs. Jones was told five weeks before delivery of her baby that she would have to go out into the community and make her own arrangements for medical care using CHAMPUS. (Air Force Times, September 4, 1995) This is simply unacceptable. What are the Services doing to focus on the availability and quality of the patient's care?

Army Answer. I agree that the situation described in the Air Force Times article is unacceptable. A patient should not be disengaged from her obstetrician five weeks before delivery and told to make her own arrangements for medical care. Tri-Service coordination of specialty services in the National Capital Area has matured in the last two years. Consolidation of graduate medical education programs between Bethesda National Naval Medical Center, Walter Reed Army Medical Center, and Malcolm Grow Air Force Medical Center resulted in clear communications and delineation of patient care responsibility so that patients are directed to the correct source of care. As military organizations, there may be unique readiness contingencies in which continuity of care is broken; however, in these rare instances, the TRICARE approach facilitates focused management of patient needs.

TRICARE closely manages the availability of providers so that patients who enroll in Prime are assigned a primary care provider who has capacity and responsibility to care for the assigned patient population. Specialty care is likewise managed so those patients have continuity of care. Access to care and continuity of care are benchmarks of quality healthcare. Healthcare providers in the direct care system as well as in the TRICARE Preferred Provider Network must meet appointment access standards, precluding long waits for appointments. Health Care Finders in TRICARE Service Centers locate providers for patients who are referred for routine and specialty care so that they are not left to fend for themselves. The TRICARE Preferred Provider Network, an integral part of the TRICARE program, includes only those providers who meet quality standards, as well as agreeing to accept military beneficiaries and complete all claims for the patients.

There are challenges with implementing TRICARE, such as educating patients and providers and integrating contracted healthcare and systems support into the Military Health Service System. However, TRICARE facilities Army Medicine caring beyond the call to duty, and I believe that we are moving the correct direction.

Quality of Care/Outcome

Question. Health Affairs is making an effort to measure the performance of the military health care system. Quality Management Reviews and ``Reports Cards'' on hospitals are used to try and determine how well the system is doing. The Report Card system is new and will replace the infrequent quality management reports. Quality Management reviews were to be done during the fall of 1996. These

reviews were to cover subjects such as Obstetrics, Cardiovascular Disease and Orthopedics and were suppose to provide guidelines to help improve clinical outcomes and reduce avoidable costs. This is called a ``best practice'' approach. Dr. Joseph, have these reviews been completed?

OSD Answer. Yes. We are continuing to evaluate these clinical ares this year as well.

Question. What have you learned?

OSD Answer. The DoD health cares system performs exceptionally well. We have hospitals which exceed the national norms. We have some where improvement is necessary.

Question. What will you implement best practices?

OSD Answer. It is being implemented now. The findings from our ongoing studies will be incorporated into clinical practice on a regular and ongoing basis.

Question. What are you doing to evaluate military medicine based on the outcome or result of patient care?

OSD Answer. The studies mentioned above do evaluate patient care based upon outcome. The findings are then incorporated into the care we provide.

Report Card Project

Question. Dr. Joseph, please tell us about the Report Card project. When will you begin to provide Report Cards on various hospitals?

Answer. In December 1995, senior staff members of Health Affairs completed a series of strategic thinking sessions that, among other things, formulated a series of performance measures. These measures were linked directly to the goals contained in the Military Health Services System (MHSS) strategic plan (e.g., Joint Medical Readiness, Benchmark Health System). The purpose of these metrics was to provide health care managers at the corporate level (HA and the Service SGs) with a measurement tool that would help them evaluate the effectiveness of the MHSS as DoD migrated into a managed care environment. The DASD for Health Services Operations and Readiness was tasked with broadening the MHSS performance measurement system in June 1996. This initiative was entitled the MHSS Performance Report Card. The report card project was designed to allow the MHSS corporate or aggregate performance measures to be examined at the Military Treatment Facility (MTF) level. This capability would permit managers at all levels to compare and analyze performance at the point where health care services are delivered.

The first version of the report card was released to the Service SGs on 28 Aug 1996, and an updated version was released on 5 Feb 97. The second version was also released to the Lead Agents and MTF commanders. Report cards were produced for 118 Continental United States--CONUS and outside the Continental United States OCONUS MTFs, each containing 34 active measures on Access, Quality, Utilization, and Health Status. Measures include satisfaction with access and quality, health screening indicators, JCAHO accreditation status, and bed day and preventable admission rates. The primary data sources used to populate the report card include the Health Care Survey of DoD Beneficiaries and the Standardized Inpatient Data Record (SIDR). Six of the defined measures have not been implemented because supporting data are not yet available. These measures include the status of medical readiness trained/certified personnel, dental readiness, childhood immunizations, and three health behavior (smoking/alcohol) measures.

The 5 Feb 1997 report card release contains data more consistent with MHSS goals and includes data on trends in performance. Improvement was indicated in 21 of 34 measures while seven reflected no change and 6 trended away from the desired outcome. The development of report cards is an evolutionary process. Future initiatives are aimed at populating existing measures, improving the timeliness of data, and incorporating ambulatory data. Additionally, leading civilian health care measures such as the Health Plan Employer Data and Information Set (HEDIS) are being examined for possible inclusion in order to compare the MHSS to civilian industry benchmarks.

TRICARE Overview

Question. The Military Health Services System (MHSS) is undergoing significant reform--changing from a fee-for-service health care program, Civilian Health and Medical Program for the Uniformed Services (CHAMPUS), to a comprehensive managed care system, known as TRICARE. TRICARE is now being provided in 9 out of 12 regions across the country and is expected to improve the quality, cost and accessibility of health care for the military.

TRICARE Prime, the managed care option, is free for active duty members and their families. However, retirees under the age of 65 must pay an enrollment fee of $230 per individual, $460 per family. Retirees over age 65 are not eligible for TRICARE. TRICARE Extra and TRICARE Standard plans require higher cost shares than TRICARE Prime, but allow the patient to chose a provider. TRICARE is now available to military beneficiaries in most of the country. When will the remaining contracts be awarded? When will they be implemented?

OSD Answer. TRICARE is currently available in all areas except for TRICARE region 1 (Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Pennsylvania, Delaware, Maryland, Northern Virginia); TRICARE Region 2 (Southern Virginia (excluding the Tidewater area) and North Carolina); TRICARE Region 5 (West Virginia, Kentucky, Ohio, Indiana, Illinois, Wisconsin, Michigan); and Alaska.

All TRICARE contracts are scheduled for award before the end of fiscal year 1997. The start of health care delivery for Region 1 is scheduled for May 1, 1998. The Region 2/5 contract is still in the discussion phase of the acquisition process. The start of health care delivery for Regions 2 and 5 is also scheduled for May 1, 1998.

Question. TRICARE is supposed to improve the quality, cost and accessibility of health care for the military. However, the quality Management Report suggested that we may not be meeting our goals with regard to each of these factors. What is DoD doing to identify and address deficiencies in the system?

OSD Answer. The DoD Quality Management Report (QMR) is used to assess, summarize and recommend the state of clinical quality management in the MHSS for specific calendar years. It compares and contrasts our systems quality, access and costs against internal and external benchmarks, allowing us to identify the positive aspects of our system as well as areas needing improvement. Besides the QMR, other feedback initiatives allowing the review and analysis of the MHSS include: the HA Performance Metrics; the National Quality Management Program special studies' component; the MHSS Performance Report Card; and the Annual DoD Beneficiary Health Survey.

One of these initiatives, the MHSS Performance Report Card, identifies performance measures that are directly linked to the MHSS

Strategic Plan goals. Its efforts allow MHSS corporate aggregate measures to be examined at 118 CONUS and OCONUS Military Treatment Facilities (MTFs) throughout the MHSS. It is used as an aid to determine best practices that can be universally applied throughout our system and target problems that can be identified to improve performance and service to our beneficiaries. The latest version of the report card that was released in February 1997 contains 34 performance measures that are consistent with the MHSS' goals and allows trending of performance. Our system realized improvements in 21 of 34 goals and allows trending of performance. Our system realized improvements in 21 of 34 measures, with 7 no changes, and 6 that trended away from the desired outcome. MTF commanders can track changes in their population over time and compare their performance to other MTF areas. The report card performance measures are drawn from several sources to include: The Retrospective Case Mix Analysis System (RCMAS), which contains inpatient data: the Annual DoD Beneficiary Health Care Survey, which contains data on beneficiary health status, access to care, and satisfaction with care; the Standardized Inpatient Data Record (SIDR) data files; and data from the Quarterly Consumer Satisfaction Survey. Each data source provides more information than what actually appears in the report card. However, the additional information can then be used for more definite analysis of specific areas within the MHSS and TRICARE.

These and other tools gather data which assist us in determining what works, what doesn't work, and what needs improvement within our system. Information systems such as CIS, CEIS, DEERS, CHCS, and ADS are useful tools that help us gauge our system and compare it to known established benchmarks. As the Ambulatory Data System (ADs) continues to come on line, it will serve as a powerful new source of data on outpatient patterns of care in the MTFs.

We continue to refine the MHSS by validating real problems, and retooling our efforts to improve our system to best serve our beneficiaries in the most efficient and economical manner within the scope of the law and rule that governs our system.

Question. How do you measure improvements or problems in the performance of TRICARE contractors?

OSD Answer. Staffs at the Office of the Assistant Secretary of Defense for Health Affairs (OASD(HA)); TRICARE Support Office (TSO), formerly known as the Office of CHAMPUS; and the Lead Agents monitor the contractor's performance to ensure compliance with the term and conditions of the contract. The contract has specific performance standards for all functional areas that must be met by our civilian contractors. Those standards are monitored by all the parties to assess improvements in the delivery of health care and to respond to any problem areas.

Transition to TRICARE

Questions. Many beneficiaries still do not have a complete understanding of their benefits and options under TRICARE. What have you done to facilitate this transition?

OSD Answer. As DoD implements TRICARE world-wide, increased efforts are being made to educate MHSS beneficiaries so they can make sound, informed decisions about their health care. The results of formal research conducted in the spring of 1996 indicated that 50% of all beneficiaries stated they knew nothing about TRICARE. Since that time, DoD has done the following:

Established a TRICARE Marketing Office as part of the corporate vision of Health Affairs and the Services to coordinate TRICARE marketing/beneficiary education activities. It's primary function is to unify marketing activities, provide overall direction for the TRICARE marketing effort, and coordinate the production and dissemination of generic communication products to assist in providing standard, consistent information about TRICARE to the millions of people entitled to care within the MHSS.

Developed a TRICARE marketing plan, the purpose of which is to coordinate the TRICARE marketing and public affairs activities of Health Affairs, the Military Services, lead agents, managed care support contractors, the TRICARE Support Office, military treatment facility and installation commanders.

Produced and distributed a world wide briefing package consisting of videos (active duty and retiree versions), briefing (active duty and retiree versions), and brochures.

Internet TRICARE information posted on DoD/HA's Home Page.

Focus group research regarding beneficiary attitudes and knowledge about TRICARE and Prime enrollee surveys regarding their satisfaction with the TRICARE Prime program have been conducted in regions 6, 9, 10, 11, and 12.

Other marketing materials produced for the purpose of educating MHSS beneficiaries regarding the TRICARE program include videos with Spanish sub-titles, Spanish language beneficiary brochure, medical staff (provider) pocket cards, tri-fold pamphlets for active duty spouses and retiree families, and interactive kiosk.

A December 1996 survey of TRICARE prime enrollees in regions 6, 9, 10, 11, & 12, showed that 67% of MHSS beneficiaries reported having at least a good understanding of TRICARE with over 25% of them reporting a very good understanding or excellent understanding of TRICARE. Overall, this survey revealed the MHSS is making great progress in implementing and marketing TRICARE, but DoD recognizes there is room to grow.

Options Under TRICARE

Question. TRICARE Prime, the managed care plan, is just one of the three options offered under TRICARE. DoD has strongly encouraged enrollment in TRICARE Prime--principally because it is more cost effective for the government and in most cases the individual. However, circumstances may be different for different beneficiaries. For some people, having freedom to choose a provider may be more important than cost savings.

How do you plan to ensure the same quality of health care delivery for those who choose not to enroll in the managed care program?

OSD Answer. We agree that enrollment is an individual or family decision, that may in a large part, be based on current health status, existing patient--health care provider relationships, and current or anticipated travel plans that may disrupt an enrollee's continuity of care with their Primary Care Manager. For beneficiaries without other primary health insurance, enrollment in TRICARE Prime is probably their most cost effective health care option.

All beneficiaries who receive any health care that is reimbursed by TRICARE/CHAMPUS have the quality of their health care services monitored for quality and appropriateness under the provisions of 32 CFR 199.15, Quality and Utilization Peer Review Organization Program.

CHAMPUS Reimbursement Rates

Question. There have been complaints that many civilian doctors are no longer accepting CHAMPUS. Are the CHAMPUS reimbursement rates on par with other insurance programs? Are they on par with Medicare?

OSD Answer. We have no substantiated reports that many civilian doctors are no longer accepting TRICARE/CHAMPUS rates. In fact, TRICARE/CHAMPUS participation rate nationally (the percentage of services for which doctors accept the TRICARE/CHAMPUS payment amount as payment in full) increased from 86 percent in 1995 to 89 percent in 1996.

TRICARE/CHAMPUS and Medicare payment rates are generally viewed as being lower than other insurers' payment rates. For the most part TRICARE/CHAMPUS reimbursement rates for physicians are the same as Medicare. Beginning in 1992, consistent with Congressional direction, DoD began bringing TRICARE/CHAMPUS rates into line with Medicare, reducing overpriced procedures by no more than 15 percent per year. As of 1997, 80 percent of rates are at the Medicare level, and 20 percent are still in transition downward to the Medicare level. For about 60 services (out of the 7,000 types of services reimbursed) the TRICARE/CHAMPUS payment amount is lower than Medicare's. Owing to the strict wording of the Appropriations Act provision on physician payment reform, DoD has not had broad discretion to raise payments for these services to the Medicare level. Although these services represent less than 0.2 percent of DoD spending for health services (roughly $14 million out of $10 billion), it is important that this issue be addressed. The Department plans to issue a proposed regulation to provide that in these few cases in which the TRICARE/CHAMPUS rate is less than the Medicare rate, the TRICARE/CHAMPUS rate will be increased to the Medicare level. Implementation of this action will be facilitated by acceptance of the President's budget request to delete the very restrictive Appropriations Act provision, and rely upon the more flexible requirements of 10 U.S.C. 1079(h) to govern TRICARE/CHAMPUS payment rates.

Question. Is it true that many physicians are not willing to participate in TRICARE? In what regions? What are you doing to solve this problem?

OSD Answer. We have not received reports that many physicians are unwilling to participate in TRICARE. As noted in the reply to question 67, TRICARE/CHAMPUS participation rates are increasing. In addition, our TRICARE managed care support contractors have been successful to develop networks of providers to support TRICARE Prime and Extra, as required by our contracts, typically at discounted rates. There have been a few isolated cases where network development has been challenging, but no insurmountable issues have arisen.

Question. TRICARE offers three options to beneficiaries. Of the three options, TRICARE Prime is supposed to be the most comprehensive and cost effective health care plan. How is that option being received by the beneficiaries--particularly in the new TRICARE regions?

OSD Answer. TRICARE Prime is the most comprehensive and cost effective plan offered to our beneficiaries and has been extremely well received by them. Enrollment in TRICARE Prime is now available in nine of our twelve regions. As of February 28, 1997, 997,032 beneficiaries were enrolled in TRICARE Prime. For Regions 7 and 8, where health care delivery began on April 1, more than 150,000 beneficiaries have already enrolled.

Question. What are the enrollment trends?

OSD Answer. When enrollment in TRICARE Prime has been offered in a

region, there has been a tremendous initial demand to enroll. For example, when enrollment was offered in Regions 7 and 8 in late February, more than 150,000 beneficiaries enrolled prior to the first day of health care delivery which was April 1.

The popularity of TRICARE Prime continues to expand as program improvements are made (i.e., TRICARE Prime portability and the elimination multiple copayments for ancillary services ordered by an enrollee's physician) and geographic coverage increases. In the regions where TRICARE Prime has been offered for more than two years (Regions 9, 10, 11, and 12), we are seeing over half (54%) of our active duty family members enrolled in TRICARE Prime. For other eligible beneficiaries, 37% are enrolled in TRICARE Prime.

Question. TRICARE Prime is free for active duty members and their dependents. However, retirees under the age of 65 are required to pay an enrollment fee of $230 per individual and $460 per family. Do you still have complaints regarding this enrollment fee?

OSD Answer. When the TRICARE Program was announced, some retirees and their family members expressed concerns over the new fee structures for health care services that accompanied the TRICARE Prime option. As TRICARE is implemented across the country, and retirees and their families become familiar with the advantages associated with TRICARE Prime, the number of complaints regarding the annual enrollment fees has decreased.

TRICARE Focus Groups

Question. Focus groups and surveys have been conducted to try to measure the performance of TRICARE thus far. What are some of the most frequently heard complaints?

OSD Answer.

focus groups--1995-1996 summary

Provider groups indicated a desire for training in managed care principles and the mechanics of TRICARE and how the program would effect their practice. In addition, they felt Graduate Medical Education was threatened by the advent of TRICARE. Finally, they indicated the contractors would not be helpful (Region 6) and that TRICARE would increase their administrative burden. Region 11 and 6 retirees felt TRICARE would increase their administrative burden. Region 11 and 6 retirees felt TRICARE was an injustice, a breach of faith and that they shouldn't have to pay for healthcare, and that they received rude customer service. Beneficiary groups complained of confusion understanding the basics of TRICARE but that their understanding was improving. Their fear of the Program was lessening and advocates were emerging.

results of december 1996 tricare prime enrollee satisfaction survey

The TRICARE Marketing Office developed and conducted a telephone survey of 7,728 TRICARE Prime enrollees in Regions 6, 9, 10, 11, and 12 to determine satisfaction levels in Nov-Dec 1996. The results are as follows.

understanding prime

76% of non-AD enrollees and 62% of AD enrollees report having at least a good understanding of Prime, but one quarter of non-AD enrollees don't understand the Prime program and close to a third are not positive about the beneficiary education campaign.

overall satisfaction with prime and re-enrollment intention

71% of non-AD enrollees and 64% of AD say they are satisfied with Prime; 15% of non-AD and 13% of AD are dissatisfied.

89% of enrollees say they are at least likely to re-enroll in Prime; 7% say they are unlikely to re-enroll with the rest being unsure or unable to re-enroll.

Beneficiaries who say they understand Prime better are more satisfied, as are those who have used the program more. Choice is important.

COMPARING BEFORE AND AFTER PRIME

Over a third of enrollees report that Prime has improved their overall access and quality, with only 12% citing a decline.

Just under 40% of all enrollees report an improvement in their overall benefit package, whereas only about 16% say the package is worse.

All things considered, enrollees believe that their health care is better with Prime than it was under the old system.

satisfaction across six areas and drivers of satisfaction (medical care, customer service, access/convenience, information provided, coverage, and cost)

Enrollees are most satisfied with customer service and quality of medical care, while being least satisfied with plan features (e.g., network size and ability to access specialists) and cost.

For two Key Drivers of Satisfaction, Prime does well on customer service--and does less well on the other--plan features; these two areas are where improving customer satisfaction is most likely to lead to improvements in overall satisfaction levels.

COMPARISON ACROSS THE TRICARE REGIONS

Beneficiaries show very limited differences in scores on Prime across regions--just eight percentage points on understanding and six on satisfaction--and re-enrollment intention varies by just three points across regions.

Preventive services (Handbook and Advice Line) are working and saving trips to providers and emergency rooms.

Retirees in older regions show considerably higher satisfaction with the annual fee than those in California and Hawaii.

comparison with civilian benchmarks and previous research on prime

Prime enrollee overall satisfaction scores trail NRC national civilian benchmark satisfaction levels, although scaling differences mitigate some of the difference.

Prime enrollees see much more improvement in their plan since the implementation of the program than NRC reports for the typical beneficiary in a civilian health plan over the last 12 months.

Access to Care

Question. Access to timely care has been a persistent problem for active duty as well as retired families. Despite TRICARE, it seems that beneficiaries are still concerned about access to care. Have waiting periods been reduced in regions where TRICARE has been implemented? Do you have any data that shows DoD is doing better with respect to reduced waiting times?

OSD Answer. TRICARE brings together the health care resources of the Air Force, Army, and Navy and supplements those resources with networks of civilian health care professionals to improve access to medical care for active duty and retired members of the uniformed services, their families, and survivors.

The Department, by regulation, established strict access standards

for beneficiaries enrolled in TRICARE Prime. The Department has directed the Services and Lead Agents to ensure that TRICARE access standards for Prime enrollees are being met. A recent comprehensive survey shows that improvements are occurring. The results of a smaller survey conducted in Regions 6, 9, 10, 11 and 12 show that in most cases TRICARE Prime access standards are being met. Eighty-five percent of all respondents, which included active duty members, were able to receive assistance within 24 hours for urgent care cases. For minor illnesses, 95% of all respondents were able to obtain appointments within TRICARE Prime's seven day access standard.

Medicare Eligible Retirees

Question. Retirees over the age of 65 are eligible to use Military Treatment Facilities (MTFs) on a space-available basis but they may be forced out with the implementation of TRICARE. DoD has proposed Medicare subvention as a way to solve the problem. Under this proposal, the Health Care Financing Administration (HCFA) would reimburse DOD for providing care to Medicare eligible retirees. Critics of this proposal believe it would increase the deficit.

Absent legislation, DOD has decided to go ahead on its own with a proposal to begin a Medicare subvention ``simulation''. The simulation does not require reimbursement from HCFA, but is supposed to show how such a program would work.

What are you doing to reduce the adverse impact of TRICARE on retirees who are eligible for Medicare?

OSD Answer. The combination of a growing military retiree population and the closing of military medical facilities in response to Department of Defense budget reductions has placed significant limitations on the amount of space-available care provided at some military treatment facilities (MTFs). The more efficient use of military health care resources as a result of the implementation of TRICARE has also contributed to the reduction in space-available care on which many Medicare-eligible beneficiaries rely.

The Department would like to offer more Medicare-eligible beneficiaries the opportunity to participate in the military health care system. However, to do this, absent an increase in the military health care budget, DoD would require reimbursement from Medicare to cover the cost of providing care to more beneficiaries, also known as subvention.

The Department's commitment to improving Medicare-eligible beneficiaries' access to military health care is best expressed through our reaching an agreement with the Department of Health and Human Services (HHS) in September 1996 on a Medicare subvention demonstration project. Under the agreement, DoD would enroll Medicare-eligible beneficiaries in the TRICARE program while Medicare would reimburse DoD for the care provided to those enrollees who represent an increased level of effort beyond what DoD does currently.

The DoD/HHS agreement requires the enactment of authorizing legislation before the demonstration project may be conducted. Again, DoD demonstrates its commitment to improved access to health care for Medicare-eligible beneficiaries by joining with HHS in drafting and submitting to Congress the legislation required to authorize the demonstration. The Department believes that the implementation of nationwide Medicare subvention policy would be the most effective method for improving Medicare-eligible beneficiaries' access to the military health care, and we will continue to direct our efforts toward

obtaining Congressional approval for such a policy.

Question. What is the status of your Medicare ``simulation'' project?

OSD Answer. The Department is taking steps to prepare for the enactment of legislation authorizing the Medicare subvention demonstration project described in the DoD/HHS agreement, but without reimbursement from Medicare, which must be authorized by statute. This preparation for (also known as ``simulation'') the managed care demonstration is also referred to as ``TRICARE Senior.'' Under TRICARE Senior, the Department will enroll Medicare-eligible beneficiaries at military treatment facilities (MTFs) which will be responsible for managing their enrollees' care, including making referrals to network providers for services not available at the MTFs. Services provided in the network will be paid for by Medicare on a fee-for-service basis. During this preparatory phase of the demonstration, DoD will calculate the level of reimbursement it would have received from Medicare had legislation been in place authorizing such payments.

The Department anticipates publication of a demonstration notice in the Federal Register this summer, with enrollment of Medicare-eligible beneficiaries in TRICARE Seniors to begin in September 1997 and the delivery of health care starting in October 1997. The TRICARE Senior program will be conducted at the following sites: San Antonio, TX; Reynolds Army Community Hospital, Ft. Sill, Lawton, OK; Madigan Army Medical Center, Tacoma, WA; Keesler Air Force Base, Biloxi, MS; and Sheppard Air Force Base, TX. Upon enactment of legislation authorizing the full managed care demonstration, including HCFA reimbursement of DoD, the Department will then adapt TRICARE Senior to the requirements of the new statute.

Question. What have you learned so far about enrollment? What are the trends?

OSD Answer. The only experience DoD has with enrollment of Medicare-eligible MHSS beneficiaries is under the Uniformed Services Family Health Program (USFHP), a managed care program which operates at the seven Uniformed Services Treatment Facilities (USTFs) located across the country. This program has proved very popular among the Medicare-eligible population as the number of applicants from this group exceeds the number of available enrollment slots at each USTF.

Question. How will this simulation help DoD and the Administration determine the viability of actual repayment by the Health Care Financing Administration (HCFA)?

OSD Answer. In the preparatory phase of the demonstration, Medicare-eligible beneficiaries will be enrolled at selected military treatment facilities (MTFs) which will be responsible for managing their enrollees' care, including making referrals to non-MTF providers for services not available at the MTF. Services provided outside the MTF will be paid for by Medicare on a fee-for-service basis. During this stage of the demonstration project, DoD will do some analysis of the level of reimbursement it would have received from Medicare legislation been in place authorizing such payments. Lacking Medicare reimbursement, this analysis will have a limited ability to assess the impact of such reimbursement.

The Department emphasizes that the preparatory phase of the demonstration, while critical to DoD's Medicare subvention effort, will not provide the Department with opportunity to test its ability to perform certain functions necessary to the effective operation of a Medicare-risk HMO. For example, because DoD will be obligated during the preparatory phase only to providing that care which is available at

the MTF, DoD will not have the opportunity to fully demonstrate the capability to effectively coordinate the full range of military health care and Medicare program benefits and to be financially at-risk for that care.

Question. What is the status of legislative proposals to receive reimbursement from the Health Care Financing Administration (HCFA) for the treatment of these beneficiaries?

OSD Answer. The joint legislative proposal drafted pursuant to the DoD/HHS Military Managed Care Agreement was resubmitted on behalf of the Administration to the Senate (Vice President) and the House (Speaker) on February 7 by Donna Shalala, Secretary of the Department of Health and Human Services.

Question. What would the impact of this option, known as ``Medicare Subvention'', be on the deficit? Wouldn't it increase the deficit? How do you propose solving this dilemma?

OSD Answer. The goal of Medicare subvention is to implement a cost-effective alternative for delivering accessible and quality care to Medicare-eligible beneficiaries. The estimated cost to DoD and to the Medicare program of providing health care services to covered beneficiaries who receive care at military treatment facilities (MTFs) should be no more than the amounts already included in the respective DoD and Medicare program budgets for dual-eligible beneficiaries. Under a Medicare subvention program. DoD would be committed to meeting its current level of effort before receiving Medicare reimbursement. The level of effort would consist of DoD resources expended on space-available care for dual-eligibles and the Uniformed Services Treatment Facilities' costs. DoD would likely bring savings to Medicare as the Department could provide care to Medicare beneficiaries at a lower reimbursement rate than currently paid to commercial providers.

Question. What is your view of other proposals to offer Federal Employees Health Benefits Program (FEHBP) to military members? How much would this cost? What would the impact on the Military Health Services System (MHSS) be?

OSD Answer. We are opposed to permitting military members to enroll in the Federal Employees Health Benefits Program. Our opposition is based on costs, both the incremental costs to enrollee and total cost to the government. Under the present FEHBP program the government pays 72% of the premium share and the individual pays 28%. In 1997, the composite annual government premium rate for individual enrollment is $1,633 for individuals and $3,508 for families. The composite annual premium beneficiary share would be $635 and $1,365, individual and family, respectively.

In its July 1995 report, ``Restructuring Military Medical Care,'' the Congressional Budget Office (CB0) evaluated alternatives to the current operation of the Military Health Services system focusing primarily on a proposal to enroll military beneficiaries in the FEHBP. CBO made assumptions about the level of beneficiary participation based on cost to the individual and alternatives available. A summary of the CBO findings is contained in the attached table.

CBO assumed with greater government cost shares, the enrollment rates would increase. Total cost to the government would increase from $7.3 billion with the government cost share at the 72% level as shown in the table, to $10.4 billion with the government cost share at the 85% level, and to $12.1 billion with the government cost share at the 100% level.

We are not opposed to a demonstration program for those aged 65 and older at a few limited sites where TRICARE Prime is not offered.

However, we feel that increasing total cost of the program at a time when both the Administration and the Congress are committed to containing costs and balancing the budget is not wise. We remain committed to improving access to our beneficiaries and believe the best method to do so is by strengthening the linkage between the Medicare program and the Defense Health Program through a Military Medicare Managed Care Program as I have testified previously. We can then use our capacity and capabilities to more efficiently provide services for our beneficiaries.

CBO'S ESTIMATE OF COSTS TO THE GOVERNMENT, FY 1996 WITH GOVERNMENT COST SHARE AT THE 72 PERCENT LEVEL
[Dollars in millions]

Beneficiary category	CBO estimates of participation rates (Percent)	Total cost
Dependents of Active Duty:		
Self Only	70	.....
Family	70	1,933
Retirees and Dependents Under 65:		
Self Only	52	.....
Family	37	1,673
Retirees and Dependents 65 or Older:		
Self Only	95	.....
Family	95	2,325
Subtotal	.....	5,930
Costs to Medicare:		
Retirees and Dependents 65 or Older	N/A	1,363
Total Costs to the Government:		
Dependents of Active Duty	.....	1,933
Retirees and Dependents Under 65	.....	1,673
Retirees and Dependents 65 or Older	.....	3,687
Total	.....	7,293

Source: Congressional Budget Office Paper, ``Restructuring Military Medicare Care'', July 1995.

Breast Cancer

Question. Since 1993, the Congress has appropriated over a half of a billion dollars for peer-reviewed Breast Cancer research. Last year, the Congress added $125 million for Breast Cancer research and treatment. $100 million of those funds were to go to peer-reviewed research projects. However, $25 million was to go directly toward helping military beneficiaries. Last year the Congress added $125 million for Breast Cancer research and treatment. $100 million of those funds were to go to peer-reviewed research projects. However, $25 million were to go directly toward helping military beneficiaries. Please tell us what you have accomplished with this increase for

military families. How have you allocated their funds?

OSD Answer. The fiscal year 1996 $25 million was allocated in two phases in keeping with the intent of Congressional language concerning access and education. Due to the late passage of the National Defense Authorization Act of fiscal year 1996, funds were distributed late in the fiscal year resulting in the establishment of program designs and obligation of funds only. Measurable outcomes will be available in mid-fiscal year 1997. Phase I funds were used by MTFs for programs and projects to increase access to screening, diagnosis and care. An example of some of the funded items included screening of additional patients, extended clinic hours, contracting for mammography technicians, improving access to resources for breast cancer patient, establishment of breast cancer support groups, mailing of mammography appointment and result notifications, and mammography equipment upgrades. Phase II funds initiated programs to educate providers and beneficiaries about breast cancer care and early diagnosis. The funds were distributed to the TRICARE Lead Agents and used for merit-based region wide programs. The following projects were initiated in fiscal year 1996:

Quality Management and Nurse Care Manager
Mobile Education Units
Patient Advocacy Program
Genetic Counseling and Testing
Tracking and Mail-Out Education Program
Focus Group Model
Patient Tracking and Case Management Training
Wellness Education Interactive Kiosk
Genetic Screening and Counseling
Education for Youth and Retirees
Centralized Tumor Board and Tumor Registry
Youth and Elderly Education Program
Provider Train-the-Trainer

Question. Access to mammography and other diagnostic tools are critical to early detection of breast cancer. Yet, many military beneficiaries still must wait for long periods before getting appointments at MTFs. What have you done to cut down on long waiting periods?

OSD Answer. Beneficiary access has been increased in MTFs as shown in a sampling from the first quarter reports, which indicated a change in the average waiting time from 7 to 2 days and 28 to 7 days in examples taken from two Army facilities; 5.5 to 1.5 days and 42 to 0 days for examples from two Navy facilities; and 20 to 10 days and 18 to 13 days in examples from two Air Force facilities. This sampling represents early data as the performance metric were only incorporated during the latter part of the first quarter for this fiscal year. More definitive metrics will be reported in subsequent progress reports.

Question. Since 1993, the Congress has appropriated over a half a billion dollars for peer-reviewed breast cancer research. What has been accomplished with the peer-reviewed funds provided to the Department? Have there been any major breakthroughs?

OSD Answer. Peer-reviewed breast cancer research funding has been directed to complex multi-year research programs. It would be premature to say there have been any major breakthroughts.

Bosnia

Question. The Services are each providing medical support to deployed forces in Bosnia. The Army has the primary mission. In addition, one telemedicine initiative are being demonstrated in the region. Please explain the status of our medical deployment to Bosnia. What assets are still deployed?

Army Answer. Effective 2 April 97, a change of responsibility for command and control of medical assets for Operation Joint Guard took place between the Commander, First Medical Group and the Commander, 61st Area Support Medical Battalion, in Tuzla, Bosnia. The Combat Support Hospital at Taszar was downsized to a clinic, and the USAF Mobile Air Staging Facility downsized to an Air Evacuation Liaison Team. Both were fully functional on 21 March 97. The medical treatment facility in Tuzla is a Combat Support Hospital (-) (405th), with a Dental treatment team (6th ASMB), and Veterinary detachment (445th). The Air Ambulance Company providing support is the 498th Medical Company (AA), Fort Benning, Georgia.

Forces deployed are primarily from the First Medical Group, 61st Area Support Medical Battalion, the 324th Combat Support Hospital (-), (Perrinaine, Fla), 405th Combat Support Hospital (-), (Hartford, Cn). the 498th Medical Company (AA), and the 147th MEDLOG DISTRO Team, For a detailed list and location I have attached a current deployment map that was provided by the USAREUR Surgeons Office.

Question. How much longer will they continue to be deployed?

Army Answer. Medical assets (soldiers, equipment, hospitals) will remain in Bosnia to support the US forces as long as there is a requirement and troops are stationed in Bosnia.

Question. How are we using reserve personnel to meet mission requirements?

OSD Answer. Beginning in Jan. 1996, USAR medical personnel have been mobilized to backfill those active component medical personnel who were deployed into Hungary and Bosnia. Mobilized for 140 days, with approximately 120 days in the country, these USAR medical personnel were deployed to Germany to provide continued health care coverage for active duty personnel, dependents, and other eligible beneficiaries, Currently the fifth USAR rotation is in Germany. In May we will be sending another rotation of USAR of medical personnel to provide coverage at our Combat Support Hospital in Hungary, and the Mobile Army Surgical Hospital in Bosnia.

ARNG Medical units are being used to (a) backfill CONUS based Medical Units (i.e., Air Ambulance Company--Ft. Benning GA) (b) replace medical units in Bosnia on a 270 day rotation (Ground Ambulance Company).

Question. How long is the average deployment time for a doctor, nurse or medic?

Army Answer. All of the USAR medical personnel mobilized and deployed thus far have been placed on 140 day tour of active duty with the option to extend for an additional tour not to exceed a total of 270 days. To date several medical professionals, doctors and nurses have opted to extend for the additional tour. The only Army National Guard--ARNG personnel involved in Operation Joint Endeavor--OJE support were enlisted medical personnel.

Question. Are there any new threats to the health of our troops?

Army Answer. Medical planning for Operation Joint Endeavor included an assessment of the health threats in the Balkans. Among the threats posed during the early months of the operation in the winter of 1995-6 were injury from land mine explosions and motor vehicle collisions,

frostbite and other cold injuries, infectious diseases transmitted by contaminated food and water, rodent-borne diseases, and illnesses caused by industrial pollution. In the warmer months, the potential for infections transmitted by ticks caused concern.

In response to these threats, troops received information and training on how to reduce them through training sessions, briefings, pamphlets, and ``pocket cards''. For protection against ticks and other biting pests, troops were trained in the proper use of repellents and other protective measures. Troops judged to be at high risk were offered a vaccine against tick-borne encephalitis.

To assist in medical surveillance, a newly activated unit, the 520th Theater Army Medical Laboratory (TAML), was deployed to Bosnia. This laboratory was equipped to assist in the diagnosis of the infectious diseases of the Balkans. Additional equipment was deployed to evaluate the safety of the air, soil, and water in troop locations. Rates of illness and injury were monitored in the troop population to detect outbreaks early.

Rates of disease and injury have remained low throughout the deployment, although unfortunately there were several deaths and severe injuries caused by mines and vehicle crashes. There were several cases of illness thought to be linked to food served at troop dining facilities; all affected persons recovered with no lasting ill effects. There was one confirmed case of hanta virus infection in a soldier who was treated and recovered fully. There have been no cases of tickborne encephalitis.

Telemedicine

Question. How has telemedicine been deployed in Bosnia? How has it helped medical personnel?

Army Answer. Telemedicine support in Bosnia combines communications and emerging medical technologies to enable the delivery of health care in a time-and-distance independent manner. Telemedicine makes it possible for physicians and other health care providers to see patients and share diagnostic information over great distances.

The deployment of Telemedicine in Bosnia has provided medical units with robust telemedicine capabilities to include computed radiography; video teleconsultation; still image store and forward; electronic mail; teledentistry; and patient information systems to far forward medical units with referral sites allocated at Combat Support Hospitals in Bosnia and Hungary, a Regional Army Medical Center in Germany, and the medical department onboard the USS Enterprise.

Question. What have we learned from our deployment of telemedicine?

Army Answer. The primary insights gleaned from the pilot-study (April, 1996 through November, 1996) are as follows: Telemedicine technologies should be deployed at forward locations first--telemedicine is most effective where the difference in capabilities from referring to consulting clinician (medic to doctor, generalist to specialist) is the greatest; To enhance opportunity for telemedicine to succeed, the introduction of telemedicine technology into the existing clinical workflow must be carefully engineered and briefed/trained in advance; An integrated logistics support package needs to be developed, implemented and deployed with telemedicine systems; Health care providers need sufficient training and support in the possible/appropriate uses of telemedicine technologies to integrate it into their clinical practice, prior to their deployment; Telemedicine equipment must be tested and stressed across the full operational

spectrum prior to its deployment (full field tested).

Uniformed Services Treatment Facilities

Question. The 10 Uniformed Services Treatment Facilities (USTFs) are public (health) hospitals that have agreed to provide health services on behalf of the DoD to discrete groups of military beneficiaries. (Families of) Service members who agree to get their health care from these hospitals are restricted to those facilities and cannot use Military Treatment Facilities (MTFs). In (the) past, DoD considered USTFs to be outside the normal military health care system; but last year DoD worked to integrate them into the managed care system as a TRICARE provider.

Dr. Joseph, you have been working very diligently to bring USTFs into the fold of TRICARE. There has been resistance to this on the part of some hospitals. However, others are more willing to work with you to become integrated into TRICARE. Please tell us the status of your efforts with USTFs.

OSD Answer. As you know, DoD and the USTFs worked together to develop Guiding Principles and sign a Memorandum of Understanding that established the basis upon which the USTFs would be integrated into TRICARE. The USTFs submitted language to Congress, which was supported by DoD and was enacted by the 104th Congress as Public Law 104-102. This language requires that the USTFs be awarded sole source contracts to participate as designated providers delivering the TRICARE Prime benefit to enrollees. A Request for Proposal was issued on February 11, 1997, and the USTFs submitted proposals on April 18, 1997. Contract award is anticipated this summer for Johns Hopkins Medical Services Corporation and by October 1, 1997, for the other USTFs.

Question. Do the USTFs still have concerns about being part of TRICARE? What are their concerns?

OSD Answer. At the request of Congress, DoD worked with each of the Uniformed Services Treatment Facilities (USTFs) to develop Guiding Principles acceptable to all the USTFs and DoD. Each USTF signed a Memorandum of Understanding with DoD establishing the premise upon which a plan would be developed for the integration of the USTFs into the TRICARE system as providers of care. Based on the MOU, the USTFs submitted language to Congress, which was supported by DoD and was enacted by the 104th Congress (Public Law 104-102). There is an open, ongoing procurement underway to implement the requirements of this legislation. The USTFs have expressed concern with some of the government's requirements contained in the Request for Proposal, their foremost concern appears to be with the capitation methodology.

Question. What have you done to alleviate these concerns?

OSD Answer. The Department has taken significant steps to alleviate the USTF's concerns. Prior to issuing a request for proposals (RFP), the government conducted a pre-proposal conference to further clarify the government's requirements. DoD, at significant expense, retained the services of an independent actuarial firm to develop an actuarially sound capitation methodology. This unusual step was taken in order to alleviate a major concern expressed by the USTFs.

Question. What are the funding requirements for USTFs for 1998?

OSD Answer. The Defense Health Program fiscal year 1998 budget funds the USTFs at $341,031,000.

Question. Is a separate appropriation for USTFs required?

OSD Answer. No, an additional appropriation would not improve the management capabilities currently provided by the single appropriation

structure.

Gulf War Illness

Question. The Comprehensive Clinical Evaluation Program (CCEP) is DoD's primary clinical program for addressing Gulf War Illness and caring for patients. In addition, the Deputy Secretary of Defense has pledged $27 million for research concerning Gulf War Illness for 1997. Please tell the committee about your Comprehensive Clinical Evaluation Program (CCEP). What is the process for caring for our troops affected with Gulf War Illness?

OSD Answer. Established in June 1994, the Comprehensive Clinical Evaluation Program (CCEP) has defined a commitment to comprehensive evaluation, care, and ongoing consultation external to DoD to assist in the interpretation of findings. This historic program marked the first time that military medicine organized itself to provide care, conduct trend analysis, and harness the impressions of designated providers in a systemwide post-deployment context. The CCEP has continued to provide a systematic, in-depth, medical evaluation for all military health care beneficiaries with health concerns which they believe may be related to Persian Gulf deployment.

Spouses and children of Gulf War veterans eligible for DoD health care have participated in the CCEP.

To enroll in the program, participants either contact their local military medical treatment facility (MTF) or call a toll free number (1-800-796-9699) which provides information to individuals requesting medical evaluations. The toll-free number was announced at a June 24, 1994 press conference and its existence was disseminated through the military Service's news services. Every MTF has had a designated CCEP physician coordinator who is either a board-certified family practitioner or internal medicine specialist. This designation as the CCEP coordinator facilitated internal consistency across facilities with the use of standardized assessment protocols, referral patterns, collection of data elements, and an established designated point of contact recognized by the MTF staff and across MTFs as a referral source. It has enhanced both continuity of care as well as provided the designated coordinator with a key role in reviewing assessments for quality of completion, nature of symptoms and diagnoses. In addition, these designated DoD physicians have served as local outreach sources for constituents by referral, through the base newspaper, or through the ``town meetings'' held on base. Conditions identified in the CCEP are followed at the MTF.

Question. Do you have an estimate as to how many soldiers are affected by Gulf War Illness?

OSD Answer. There are many diagnoses, signs and symptoms experienced by some Persian Gulf war veterans. However, to date, none of the six expert, independent scientific panels have found a unique entity that defines a specific ``Gulf War Illness.'' As of June 1997, 42,470 individuals have elected to participate in the CCEP. Of that number, 11,427 have declined an examination and only wish to be registered. Of the 31,043 who have chosen to be examined, 28,670 individuals have completed their medical exam and 2,373 are in the process of completing their examination. Since the CCEP and the parallel VA Registry Evaluation Program were established primarily as clinical diagnoses and treatment programs, not as formal research studies, with random stratified sampling techniques, we are unable to project accurately, how many soldiers may or may not have illnesses

related to their service in the Persian Gulf.

Question. How many patients have been evaluated?

OSD Answer. While 41,046 individuals have elected to participate in the CCEP, as of April 3, 1997, 27,160 people have completed the examination process. It is important to note that of those who are registered in the CCEP, 10,862 have chosen to be registered only and have declined a physical examination. As of early April, approximately, three thousand individuals, across DoD, are in the process of completing the program.

Question. Dr. Joseph, in your testimony, you mentioned that stress is a factor in Gulf War illness. Are you saying that the symptoms being experienced by these soldiers are all in their heads?

OSD Answer. The term Gulf War illness is misleading for we have not identified a single or unique cause or agent which would be responsible for a large number or a significant proportion of the illnesses in our Persian gulf veterans. What we have seen is a large set of diagnostic categories with many causes. Although we have found a number of patients have medical conditions of psychological origin, this is to be expected in terms of what is seen on a large clinic of a comparable population. It's important to understand that those individuals who are diagnosed with psychological conditions, have conditions as valid, as important and that these people are hurting as much from their symptoms as if they had bad hips or arthritic knees. The vast majority of those with definitive diagnoses are responding to treatment as are those who have psychological conditions.

Question. Does stress manifest itself physically? What leads you to believe that many of these symptoms are stress-related and not associated with the use of chemical or biological agents?

OSD Answer. The effects of stress on physiological processes are not well understood. Laboratory study is limited by poor definition and the clear measurement of ``stress'' and the components of stress reactions. While there have been functional conditions identified as being influenced by stress, such as duodenal ulcer, heart disease and migraine headaches, there are many other factors and more research needed to establish the stress connection.

DoD recognizes the need for epidemiological research on the psychological stressors of the Gulf War and on the prevalence of physical and psychiatric-mental health outcomes among Persian Gulf veterans. The following statements reported by the Research Working Group of the Persian Gulf Veterans Coordinating Board indicate their approach to psychological stressors.

``Psychiatric morbidity among U.S. troops deployed to the Persian Gulf area was predicted even though the war was of short duration, resulted in a relatively low number of causalities, and positive support for the war prevailed at home. Persian Gulf veterans were exposed to many psychological stressors besides direct combat, such as sudden mobilization for military Service (especially among members of Reserve and National Guard units), exposure to dramatic oil well fires, the constant threat of chemical and biological warfare agents, and fear of the combat in general. A wide range of somatic and psychological responses could be expected from individuals deployed to the Persian Gulf area from stress associated with deployment.

``A variety of symptoms have been reported by Persian Gulf veterans. Some symptoms may be related to post-traumatic stress disorder. Published findings suggest an increased prevalence of PTSD and other psychiatric diagnoses, such as depression, in some Persian Gulf War veterans. Although the prevalence of these disorders was found

to be lower than that found among Vietnam veterans, it is evident that stressors during the Persian Gulf conflict were sufficient to cause significant psychiatric morbidity. Because of the low level of combat experienced by many troops in the Persian Gulf conflict, the presence of psychiatric problems among some returnees suggests the importance of stress other than actual combat as a precipitating factor.'' This conceptual framework has led the Persian Gulf Coordinating Board to fund several research projects relevant to psychophysiological stressors among Persian Gulf veterans.

Ongoing research on exposure to chemical and biological agents will also help answer research questions such as the one the Committee raised. Without research, it is impossible to make connections between actual exposures and symptom manifestations.

Question. Are these soldiers still experiencing problems? If indeed they are related to stress, presumably experienced on the battlefield, why would they continue to exhibit problems six years after the fact?

OSD Answer. The Comprehensive Clinical Evaluation Program (CCEP) was established to evaluate and provide medical care for individuals who are eligible for health care within DoD's Military Health Service System. As of April 3, 1997, about 30,180 individuals have elected to complete the physical examination portion of the program. The CCEP is a clinical program and was not designed as a research study to collect follow-up data. Attached are two reports. Attachment A is the April 2, 1996 CCEP Report on 18,598 Participants. Attachment B is the Institute of Medicine 1996 report, Evaluation of the Department of Defense Persian Gulf Comprehensive Clinical Evaluation Program. DoD does not collect health frequency data associated with past military deployments or exercises. Although data is not collected, as with all eligible beneficiaries, appropriate medical care is provided as necessary.

Experience from past wars has shown protracted symptoms may last for many years following combat or catastrophic stress-related events. Impacted grief, psychic numbing nightmares, exaggerated startle responses are just some symptoms which can persist indefinitely if untreated.

Longitudinal follow-up of veterans to determine outcomes over time would be best conducted under a research protocol.

[Clerk's note.--End of questions submitted by Mr. Young.]

Thursday, March 20, 1997.

READINESS OF UNITED STATES FORCES

WITNESSES

GENERAL RONALD H. GRIFFITH, USA, VICE CHIEF OF STAFF OF THE ARMY
ADMIRAL HAROLD W. GEHMAN, USN, VICE CHIEF OF NAVAL OPERATIONS
GENERAL RICHARD I. NEAL, USMC, ASSISTANT COMMANDANT OF THE MARINE CORPS
GENERAL THOMAS S. MOORMAN, JR., USAF, VICE CHIEF OF STAFF OF THE AIR FORCE

Introduction

Mr. Young. The Committee will come to order. The Committee is very happy to welcome the Vice Chiefs of the Services for a closed hearing to discuss the readiness of our U.S. Forces. I would like to welcome General Ronald Griffith, Vice Chief of Staff of the Army; Admiral Harold Gehman, Vice Chief of Naval

Operations; General Richard Neal, Assistant Commandant of the Marine Corps, and General Thomas Moorman, Jr., Vice Chief of Staff of the Air Force.

We invited all of you to be here because of the very critical role you play on the issue of readiness and all of the issues relative to our national defense. The Committee is very proud of the readiness state of our services and you are all to be commended and your troops to be commended for that high state of readiness.

We are pleased that today's readiness is great. What about 5 or 10 years from now. As we look at the budget request, we are not really convinced that there is enough investment for future readiness. So we will talk with you about that a little bit today.

Your prepared statements will be inserted into the record in their entirety. Feel free to summarize them any way you wish.

Mr. Murtha, do you have any comment before we begin?

Mr. Murtha. I will tell you, it is always a pleasure to see such high level interest in readiness. I know the Chiefs are obviously interested. To have people of your stature and caliber and rank addressing the readiness issue is a key. So we appreciate the fact you are appearing before the Committee and look forward to hearing what you feel are the problems we might be able to adjust.

Mr. Young. I understand General Griffith, you will be the lead off witness this morning. Again, welcome. We are happy to hear from you, sir.

Summary Statement of General Griffith

General Griffith. Mr. Chairman, thank you for the privilege to be here with the Committee this morning. It is an honor to appear before this Committee to talk about the very important issue of readiness.

As you indicated, sir, our forces, the United States Army, which I can speak to, is a trained and ready force. I think that the performance of our soldiers in Bosnia--the discipline, the proficiency of those troops, in a very complex and very difficult mission--is reflective of the efforts that we have made toward readiness in the recent past.

Last year, we all watched as Iraq again challenged the no-fly zone there, and I am very proud to say that within 100 hours after being called, the brigade of the 1st Cavalry Division from Fort Hood had moved from Fort Hood, flown into Kuwait, drawn the equipment, and moved forward to battle positions along the border and were, within 100 hours, ready to meet any threat that appeared on the battlefield. We think that is a very powerful deterrent capability, and it is, again, reflective of readiness and the improvements we have made in the deployment of our forces since the Desert Storm time frame.

PERSONNEL TEMPO

As you also mentioned, there are some challenges to readiness. The force today is very busy. I can give you any number of anecdotes, but I will just give you one.

Two weeks ago, I was talking to General Bill Crouch, Commander, U.S. Army Forces, Europe--he is now in Sarajevo. He mentioned that everybody was aware that the 1st Armored Division last year had been in Bosnia. He said what is not acknowledged is the fact that the officers and the noncommissioned officers of the 1st Infantry Division, which was theoretically back in Germany, in fact, were deployed in excess of 180 days on average away from home station in contingencies in Africa, the security mission in Macedonia, and the engagement operations in the East European countries, where we are obviously now doing a lot of military-to-military contacts. By the way, that 1st Infantry Division is now in Bosnia.

RECRUITING

Sir, again, the personnel tempo is a challenge for us, and, of course, as you know, we are now facing a recruiting challenge. This year, the United States Army will have to recruit in excess of 89,000 soldiers. As we have plateaued from the drawdown, we are having to replace on a one-for-one basis. The recruiting challenge is very significant.

It has been mentioned in much of the press that the Army has gone from recruiting 95 percent high school graduates to 90 percent high school graduates. That is, in fact, true.

For the record, I would like to clarify one issue though, sir, about the 10 percent who are not diploma-carrying high school graduates. All of the 10 percent will, in fact, have a GED or GED-equivalent, and, in fact, all of those recruits must test in the upper three mental categories to be accepted into the force.

We have done a lot of analysis on this, and we believe that this will not impair the quality of the force. In fact, using this as a measure of quality, we will be about at the level where we were for the Desert Storm force with these standards.

SEXUAL MISCONDUCT

Also, I do not have to tell this committee that the United States Army today is facing an issue of what we call respect for others. It is called in the press sexual harassment and sexual misconduct. Of course, we have been hit by that issue. We believe that the cohesiveness of organizations is critical to readiness. We think that sexual harassment, and certainly sexual misconduct, undermines the cohesiveness of the unit.

We are going to take that issue in a very big way, and we assure this committee that when we look back 2 years from now, the Army will be a better Army for having dealt with the issue.

MODERNIZATION

You have mentioned modernization. Again, we hope that if we have to put a force in the field in the future, as we did in Desert Storm, that that force will have the same technological advantages that our soldiers enjoyed in 1991. We are committed to that. We need more modernization. I think all of the services certainly feel the need for increased modernization,

to provide our fighting soldiers and the other services the technology overmatch that is so critical to the success and so critical to minimizing casualties on the battlefield.

I would say that, right now at the National Training Center we think we see the future. One of the things occurring out there is the infusion of information technology. I will not give a tutorial on that. We believe that the battlefield awareness that is going to come from this effort is going to allow the United States Army to focus combat power two or three times faster than we have ever been able to do in the past, and this capability, again, will make us decisive on the battlefield and will minimize the loss of soldiers in those fights.

Sir, we look forward to your questions. I thank you for the opportunity to appear before the committee, and I appreciate the opportunity to say a few words.

[The statement of General Griffith follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Young. General Griffith, thank you very much. We will have some interesting questions for you in a few minutes.

Admiral Gehman, we would be happy to hear from you now.

Summary Statement of Admiral Gehman

Admiral Gehman. Thanks for the opportunity to discuss Navy readiness with you today.

This committee has always been particularly helpful in ensuring Navy readiness, and we are grateful for your support. We appreciate you entering my prepared remarks into the record, and I agree that probably we will both learn more from the testimony and the questions and answers than from the statements.

I would like to just make a very brief opening statement. Your Navy is ready today because we have carefully balanced three factors. We have kept those three factors in balance: We maintained, we trained, and highly motivated people operating modern, well-maintained equipment in the right numbers, and constantly patrolling the world's trouble spots. The Nation expects no less from its human and financial resources than it has provided to us.

Readiness, as we all agree, remains the key to those trademarks, and is the forefront of our budget decisions. I am happy to report today that the Navy is ready to respond to any national command authority tasking.

As you know, current readiness has been maintained at the expense of modernization and recapitalization in recent years. This trade-off cannot continue if we are to have a ready and capable Navy of tomorrow.

What we are about now is making those investment decisions in programs that will ensure our continued operational primacy into the 21st Century. In ensuring these future capabilities, we have a significant dilemma. We have to balance the fiscal and operational needs of the Navy of today with the defense requirements of tomorrow that includes a span of 35 years or

more into the next century, the length of time that a ship will remain in service.

As we place greater emphasis on essential modernization and recapitalization efforts, we must do so without returning to a hollow force or shifting the burden of this effort on the backs of our sailors.

We must proceed carefully. We need to be confident of the results of proposed actions before execution to ensure that our increased funding and procurement really does not damage readiness and really does result in increased readiness.

As this committee so well understands, readiness can be hard to define, hard to measure, and even harder to predict. Moreover, achieving efficiency and savings from things like BRAC, outsourcing and privatization and management initiatives is even harder to assure. Among all these uncertainties, one constant remains clear, however. Readiness, including personnel readiness, is vital to our success and will continue to be our highest priority.

We are eager to work with Congress to achieve this balance in our resources. I have used this ``balance'' word three times now, to achieve this balance in our resources, to protect our current readiness, and fund our future requirements. This is not an easy, fast task. We cannot do it alone. We need your help.

We want the Congress to be with us for the take-off as well as the landing, and we look forward to working with you and other committees on this very important task.

Thank you very much, Mr. Chairman.

[The statement of Admiral Gehman follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Young. Admiral, thank you very much, sir.

General Neal, we will be happy to hear from you at this time.

Summary Statement of General Neal

General Neal. Good morning, Mr. Chairman, and members of the Committee. I am honored to be here for the first time as the Assistant Commandant of the Marine Corps. I would like to thank you and the committee for the things you have done to keep our Marine Corps ready to respond to our Nation's needs. I would just like to make summary comments and submit for the record my prepared comments.

READINESS

Readiness is the focus of effort of this subcommittee. Let me tell you unequivocally it is also the focus of effort of your Marine Crops. For Marines, readiness means being ready to not only fight and win battles, but also being ready for uncertainty; whether it be to go in harm's way, to rescue fellow Americans, to put out forest fires, or to aid victims of some type of national disaster. Ready to meet these challenges in an uncertain and challenging world.

We daily, and I can say this with complete confidence, we daily challenge ourselves to be the most ready and responsive of our Nation's forces.

As you gentlemen so well know, being ready, responsive and capable means having the tools and the equipment from the little known tent bag, all the way up to the most sophisticated aircraft, being able to maintain those tools as well.

This year, our ground and air equipment from tent pegs to aircraft was or is above our established goals of readiness. This was accomplished despite the fact that many of our systems have grown old and are just being used and used and used.

This readiness is a tribute to the young men and women that we call Marines, and to those civilian Marines that we have working with us also. We include our civilian Marines, because they also know what it means to make things happen. All of them, those Marines and those civilians, take great pride in their work. They take great pride in their equipment, and, most importantly, they take great pride in their readiness for any eventuality.

MODERNIZATION

The focus of our commitment for a ready, responsive and relevant Marine Corps is recapitalization and on modernization programs. Our two most important modernization programs are well-known to this committee, the V-22, which is going to replace a 29-year-old aircraft, and the Advanced Amphibious Assault Vehicle.

Joined with our Navy shipmates in a modernized amphibious fleet, and armed with the air-cushioned LCAC, we provide a terrific offshore, no-access-required capability to deter aggression and respond to crisis and fight and win if required.

This triad of capabilities, the LCAC, the V-22, and the AAAV loaded with young Marines, provides this Nation a terrific capability to influence events at the strategic, operational and tactical level. This was very vividly displayed just a week ago in Albania. Your Marines and Sailors came from the sea, rescued over 800 Americans and third country nationals, and returned to the sea at no cost. The bill was already paid for when you deployed your Marines and Navy out there, all the while remaining in a reserve for the Bosnia contingency. So we were doing a two-fer, if you will.

This was conducted with the CH-46, which I mentioned earlier is 29 years old. Just think of the opportunities that the V-22 will present to the unified commander whether it be EUCOM, CENTCOM or PACCOM, where he can use this new capability we are bringing on line.

Just as important as the often forgotten benefit of this new equipment is the quality of life enhancements associated with it. Right now I can say with complete confidence, unfortunately, that our young Marines are working long hours. I think this new equipment will reduce the maintenance time and provide a class of equipment to our Marines that we can all be proud of that will be there for tomorrow's missions.

In summary, sir, rest assured that readiness remains your Corps' number one priority. It always has been and will continue to be. We remain committed to the precept that was

established by the 82d Congress, which said the Corps will remain the most ready when the Nation is least ready.

Thank you, sir, for inviting me here. I look forward to your questions.

[The statement of General Neal follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Young. General Moorman.

Summary Statement of General Moorman

General Moorman. Good morning, Mr. Chairman, members of the Committee. I am also honored and pleased to have the opportunity to address Air Force readiness with you today.

I have a very few brief opening remarks, and I appreciate your entering my statement into the record.

First and foremost, I am proud to be here representing the men and women of the United States Air Force in this year, the year of our 50th anniversary. Our theme for our 50th anniversary is ``Golden Legacy, Boundless Future.'' This theme is founded on the tremendous contributions made by individuals throughout that 50 years of history to build the Air Force and to make it the powerful force that it is today.

The United States Air Force is clearly the most capable air and space force in the world today. We are also very busy, and I echo the comments of my colleagues. We are globally engaged in support of our national security objectives with 80,000 individuals forward-deployed. We also, on any given day, have approximately 14,000 individuals, troops, deployed overseas in support of our named contingencies, and as part of the joint team.

These contingencies clearly have an impact on readiness, and accordingly, we would appreciate the early passage of the supplemental bill, as failure to pass early will have a very significant impact as we get further into this fiscal year.

I am sure each of us will have something to say about that subject in follow-on questioning.

Despite this OPTEMPO, our overall readiness is very high, as it is measured in terms of personnel, equipment, training, logistics and infrastructure. However, we do have some leading indicators of problems which are beginning to concern us. I will be glad to address these in the course of today's hearing. I will highlight a couple for you, increased difficulty in recruiting, and air crew retention which concerns us.

Our 1998 budget is built around the priorities of people first, sustaining readiness, and pursuing a time-phased modernization program. Although not the subject of this hearing, I do want to emphasize that in our view modernization is future readiness. Modernization is the thing that will ensure all of our services' future relevance.

A shortfall in any of these three areas degrades readiness significantly, and I echo also what my colleagues say, that the secret in the readiness equation is to maintain a balance over those three areas. That is a full-time job that all we services spend a lot of time on.

To close, I want to thank you on behalf of the Air Force for your staunch support for the Air Force and for air power over the years, and for your support of readiness. This Committee has been a stalwart in that regard, and we all have been the beneficiary of your support in the last several years specifically.

I very much look forward to your questions. Thank you very much, sir.

[The statement of General Moorman follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

READINESS ASSESSMENT

Mr. Young. Thank you very much, sir. I wonder if I could invite one of you to just briefly describe and educate the Members on the various levels of readiness and what determines what level of readiness that our forces should be on?

General Griffith. Sir, in the Army, we use the category of C ratings to evaluate readiness, C-1, of course, is the highest level of readiness. The C-1 and C-2 ratings are the two highest levels, and we seek to maintain those with our active forces at all times.

It has to do with the level of fill of personnel; it has to do with the level of equipment in that unit; it has to do with the readiness of the equipment in the unit, and it has to do with, most importantly in my view, the training readiness of the unit.

We have been able to maintain C-1 and C-2 levels of readiness in the active force with one exception that I can recall since the end of the Gulf War.

With regard to the Reserve component forces, we seek to maintain deploying units at a C-2 or C-3 level of training readiness. That means after some weeks of mobilization, we could achieve a C-1 or C-2 level of readiness before we deploy them. With regard to materiel fill, with regard to the maintenance of equipment, with regard to people levels, we seek the same levels in our Reserve component forces that we deploy that we seek in the active force.

That is a very abbreviated address, sir.

General Neal. In the Marine Corps we use the same C rating for readiness. I think one of the things that Ron didn't mention, but we find critically important, one of the paragraphs in there is called a commander's comment. Basically, he takes the five areas and looks at them very closely, and he makes the judgment, and this is his military judgment, that if called, whether he can accomplish his mission. This is critically important, and it is vital to the upper echelons of the headquarters to be able to know if, in fact, from a commander's perspective, he can meet the mission requirements.

We have established a new system in the Marine Corps to complement the SORTS system, which you are familiar with. We call it GOMERS. Only the Marine Corps would come up with a name like GOMERS. Essentially what it does, is allow the battalion level and squadron commanders to send their readiness reports within 3 days at the end of the month, directly to the

headquarters, so there is no short--I should say lag time between the reporting and actually receipt of the report. This way the command authority can get a real sense right off the bat where we are standing and how we are doing.

Admiral Gehman. Mr. Chairman, we all use the same readiness reporting criteria. It is DOD-wide, the SORTS system, or C-1, 2, 3, 4 system. In the Navy, though, it is applied slightly differently than in some of the other armed forces. In the Navy, we program and we--our doctrine is to have cyclical readiness. We are paid to be gone, not at home. When we are gone, we are deployed at sea. Those units are all C-1 all the time, and they achieve C-1 rating about 6 months before they go and they maintain it for some number of months afterwards.

We program the units that are in the other parts of the sine wave to be at lower levels of readiness. During those times of lower levels of readiness, we do major industrial work on the ships and things like that, and we design it that way.

So for us it is not horizontal bands, it is a sine wave, and we do have to be careful about what part of the sine wave we are talking about.

General Moorman. Sir, let me add a little bit from an Air Force perspective. As everyone has said, we are all on the same system, SORTS. The Air Force readiness is extremely high across the total force. One of the reasons for that is that our Guard and Reserve forces are also tasked under OPLANs to be there early and well-prepared. So our Guard and Reserve forces are maintained virtually at the same C level ratings as our active force. We are very proud of that.

The reason we are able to do that really is a combination of three things: We are giving them the most up-to-date equipment, modern equipment. We are training them like we train the active and we train together; and then finally we evaluate them against the same standard. So the Reserve component arrives in theater, it is transparent to the supporting CINC.

The other thing I would say is that I think General Neal pointed out the commander's subjective assessment on SORTS. I want to echo his comments to say that it is extraordinarily important that you get that qualitative assessment. We are looking at SORTS from an Air Force perspective, evaluating it to see whether we should add to it, and does it necessarily give us all the indicators we need. Is it a realistic assessment in all cases and are there things that it might mask?

One of the ways you deal with that is the commander's subjective assessment. But I wanted this committee also to know that our Air Combat Command today is looking at how we might improve the SORTS rating system.

Admiral Gehman. I think all four services would agree the present SORTS system is not very good at predicting the future. It is really okay for today. It really looks back.

COST OF MAINTAINING HIGH READINESS

Mr. Young. Is it more expensive to stay at a C-1 level than to, say, stay at C-2 or C-3 level?

General Griffith. Sir, we have looked at that issue, because, of course, the readiness has been a topical issue. My

perspective, sir, in the Army perspective, I do not think so. I don't think that we could afford, first of all, to go in the active force to tiered readiness, because as you certainly know, we have light forces, we have heavy, mechanized, armored forces and we have special operations forces. So to be able to forecast where you are going to need the force and the type of force you are going to need rapidly is a very difficult thing to do. So with a small Army, 495,000 and a 10-division force, we think it is important to keep all the forces at a high level of readiness. We found when you let readiness erode, it takes much longer to build the readiness back and consequently is more expensive to build it back. So we think--I guess there is another, I don't know how you would quantify or put value on this, but I think the morale of the soldiers and how the soldiers feel about the services they serve in is very, very important.

So from a psychological perspective, I think being in a unit that is ready to go is good, is an unquantifiable matter, but we think very valuable to morale and cohesion and the way soldiers feel about what they are doing.

General Neal. Sir, just to echo Ron's comments, but also to put it in perspective for the Marine Corps, much like our Navy shipmates, we are on a cyclic readiness pipe line, and that is basically due to the deployment patterns. We have those that are deployed, those that have just returned from deployment, and those that are preparing to deploy. This causes permutations in the readiness curve for each of those organizations, as you can well imagine.

In some of the deployments, they don't have an opportunity to get all of the training necessary that would constitute this C-1 rating. Likewise, the unit that is building to deploy, is getting Fed people, is getting rehabbed equipment, et cetera, so is on the building curve.

I think we go back to that fifth ingredient, the commander's judgment. I think realistically, if we look at the three organizations, the one preparing to deploy, the one deployed and the one just returned from deployment, that if the bell rings, the quick fix that is necessary to bring them all back up to a ready deployable status is very easily accomplished.

SUSTAINABILITY

Mr. Young. One of the subjects that I think goes hand in hand with readiness, and I agree, I was curious if you thought you could save money by going to a different level. And I didn't see how you could, because you have got to keep the machine well-oiled and tuned up so that it can go.

Now, what about sustainability? We have the deployment to Bosnia, and that has cost considerable dollars. I would guarantee you we are going to move as quickly as our leadership will let us move on the supplemental. One of the problems we are having is finding an offset for that $2.1 billion, and that is getting more difficult all the time, to find an offset for that type of a deployment.

But what that indicates to me is that if the money being spent in Bosnia is creating almost an immediate real problem in

your O&M accounts and training accounts, sustainability has got to come in as a big question mark.

I understand now that we can get it out early in April. We will be in pretty good shape. We may not make that date, frankly, but we should have it out of the House by then, but if we don't, what does that do to the sustainability of your forces if the money being borrowed now to pay for Bosnia is not replaced on time? What happens?

Admiral Gehman. We all have serious impacts, Mr. Chairman, and it probably varies widely by service. The later the supplemental comes, the smaller the pool out of which we have offsets. Early in the year, April, or even right now, we have a lot of choices where to take the offsets from. As the year goes later, and later, and later, the number of choices we have gets smaller and smaller, and then pretty soon the only thing you have left are flying hours, road miles, and streaming days. Real readiness degraders.

So I consider that the impact that you are asking about on failure to pass a supplemental varies with time.

General Moorman. I think the VCNO has it just right. The time factor is the issue of flexibility and how long can you forward finance. We are all in a forward-financing posture now.

In preparation for this hearing, I did a pretty wide canvas of the Air Force, and we are saying that 1 June is really where we hit the wall, and once we hit 1 June we have to start shutting things down or not doing things. That is going to be as the VCNO says, flying operations, not participating in non-JCS exercises, deferring depot maintenance, which gets back to your sustainability. And as you go further down that, you start having to take more draconian steps.

We are all significantly worried about it. It does vary. That particular date I am talking about varies on how much the bill is.

In the Air Force's case, our bill is approximately three quarters of a billion out of the $2.1 billion.

General Griffith. For us, sir, it is training. The 1 April date is a point at which we would have to start making decisions about what we are going to do in terms of training in the fourth quarter. For us, we would essentially have to stop collective training in the fourth quarter. We could do training at the basic soldier level. We could do probably some crew gunnery, but the collective training of the platoons, companies, battalion task forces would halt.

We would probably have to cancel rotations to the National Training Center, which is one of the critical training pieces of our strategy for keeping forces ready to go to war.

So, for us, we would see divisions fall into the C-3 category of readiness by the end of the fiscal year.

Mr. Young. The Members haven't left you, by the way, there is a vote in the House. I am going to yield to Mr. Lewis and I am going to go get this vote.

PREDATOR UAV

Mr. Lewis. Welcome, gentlemen. For those who aren't aware, it is one of my points of great pride to be able to say that the NTC is in my district, but also Twenty-Nine Palms is a

minor little operation out there that plays a role in the thing called readiness.

In the several years that I have served on this committee, I have watched with great interest our struggling to move in the direction of joint servicing, and, indeed, it is a struggle. And every year I hear it is a brand new thing to us.

I saw an illustration of that recently that I wanted to throw out on the table and get a response from whoever might respond. Secretary Cohen was before us recently and I raised a question that we have been focusing upon because there are several members of this committee who also serve on the Intelligence Committee, and there are procurement programs going forward, some of which are now out of the black and we can discuss in meetings like this.

In that session with the Secretary, I pointed to a joint program in which the Air Force is the ACC, and suggested that I felt there was a need for much more rapid movement than we were getting in terms of making that procurement which involves UAV's available to all of the branches of the services.

Shortly thereafter, it is my understanding the Army, after that meeting, almost immediately, called the ACC and said we would like to have, if possible, the Predator at these training sessions that are going to take place at the NTC.

I understand the response was not no, but hell no. Now, the response that came shortly thereafter in writing essentially said we are really not ready for this, but if you keep asking, you won't even get the Gnat 750.

Frankly, if there is any truth to all of that, this Member is very, very disconcerted, for we have made considerable effort to move forward with that procurement process, to get it out there early.

The interest originally developed when Schwarzkopf suggested one of the major problems we had in Desert Storm involved the very kind of information that becomes available as a result of UAV's.

Frankly, I am concerned that this is strong evidence of a lack of willingness to really put some meat on the bones of the thing called the joint servicing.

The Navy, I think, I understand, has serious interest in marinization over time. But indeed, if much more time goes by, I will be long out of here before they have a shot at that plane.

So, first, I want you to know the priority to which I give this item, but it is an illustration that maybe joint servicing isn't much more than something we talk about once in a while, especially before Members of Congress.

So I am not sure which one of you would like to start with that.

General Moorman. I have a comment. Go ahead.

General Griffith. General Moorman and I, the old members of the Vices have, worked together on the Joint Requirements Oversight Council (JROC) that works in the requirements business. I can tell you, sir, the unmanned aerial vehicle (UAV) has, since General Moorman and I have been there, been the number one priority in the C-4I arena for resourcing.

Our tactical commanders, our operational commanders, tell us the unmanned aerial vehicle must be, and by the way, we are

talking at the tactical operational level, not the high altitude, high endurance. I would also tell you at the National Training Center, we are using a surrogate tactical UAV called Hunter in two contexts, both for the tactical fight and we are using it as a surrogate for Predator.

As I understand, we did try to work the Predator into the National Training Center, the war-fighting experiment we are doing there now, and it was not an unwillingness on the part of the Air Force to participate. It was an availability, as I understand it, of systems and airframes. Because as you also know, the Predator is being used right now to support the U.S. 1st Infantry Division in Bosnia. I think that was the issue.

I would just address the issue that you raised about jointness. I have just got to tell you, sir, I see no lack of willingness on the part of any service to work in a joint context. I believe, we all believe that the only way you can fight and win on the battlefield and be successful is in a joint context.

General Neal and I were honored to be a part of the Desert Storm experience. I think that was the greatest reflection of how joint forces come together and achieve success that we have had in the history of warfare.

So I have seen no diminishing of that. In fact, I have seen a great increase in emphasis on jointness during the time that I have been privileged to serve as Vice Chief of Staff of the Army.

General Moorman. Sir, let me echo what General Griffith has said. We have worked probably of all the subjects that have come before the JROC in the last 2\1/2\ years, I imagine we have as much time on UAV's as any. One of the things we decided early on was a pioritization of the UAV systems, just as General Griffith points out.

The number one priority was to get a tactical system as soon as possible. That is the Outrider system, and that is coming along.

At the same time, we had this ACTD called Predator, and the decision was made in the context of the JROC to assign the operational responsibility for that to the Air Force on behalf of all the services, but it was still a system under development managed by a joint program office under the Navy.

Now, at the same time, the results of this developmental Predator system were looking so attractive, we deployed it over to Bosnia, where it still operates. We have two over there now.

One of the things we discovered in the course of that, Mr. Lewis, was Predator's inability to operate in the winter because of icing. That is not a criticism of this ACTD, it is something we had not anticipated. ACTDs are done on the cheap.

Why I bring that up is it speaks to the availability of airframes. We had to bring two back to retrofit with the glycol weeping wing kind of thing to allow it to fly at altitude and not ice up. So where we are now is a significant shortage of airframes.

But on the Naval Training Center issue, one of the reasons that the Air Force decided to put the Predator operational training squadron at Indian Springs, Nevada was how close that would be to the NTC to better support the Army.

Early on, we realized that the way to really wring out

Predator was to get it in the hands of and in support of the ground forces, where it is primarily being employed today in Bosnia.

So let me really emphasize, the Air Force takes very seriously its joint responsibility to support the Army reconnaissance needs.

General Griffith. If I could make one additional comment, if you please, sir. We are getting early results back from the National Training Center. It is not a surprise to us, but it is being verified for us that the UAV changes the dynamics of the battlefield. The ability of the commander to see, to confirm where the enemy force is and to know where the enemy force is moving, allows him to reposition forces or to position forces much more rapidly, with full knowledge that he knows clearly where the enemy is moving. It is going to change the way we fight. We believe the UAV is a system of great importance for the future of the land force.

UAV REQUIREMENTS

Mr. Lewis. Tactical availability is a very important item to me. I understand presently the INS, for example, is considering leasing some of these systems for their efforts along--the drug war along the border. There are available systems without any question if they have priority in terms of procurement.

The first time I talked with the Army about Hunter was about 4 years ago, because I felt they were being married to Hunter and didn't want to look at any other systems. It really seems to me that we ought to make certain that the Army has crews that can handle this unmanned aerial vehicle if they need to; the Navy ought to have that availability. We shouldn't be looking to a single force being the fliers. It is just not necessary.

My information tells me that the ORD that recently has come out may very well, in the mind's eye of somebody, be designed almost to make it impossible for Predator to meet the tests out there. The requirement for security for the ground flying force, for example, will be so expensive that procurement of additional systems will be a real problem down the line. I have serious doubts about whether we are really talking to each other below your level, and if we are not, I sure hope that changes.

General Moorman. I will say that at the TRADOC/ACC level there is a consistent discussion on UAV's and Admiral Gehman just comes out of ACOM, and I know this whole issue was a very big issue at that time.

Sir, let me do something for the record, and I think I would like to do it jointly with the Army and the Navy, because Admiral Gehman has the Joint Program Office, is get you an inventory of where the systems are, where we are today and where they are and what the schedule kind of looks like.

[The information follows:]

A Predator system consists of four air vehicles, one ground control station (GCS), one Trojan Spirit II (TSII), ground support equipment, and 55 trained people. To date, the following ACTD residual assets

remain: 7 air vehicles, three GCSs, three TSIIs.

The Predator system currently operates from three locations. The Air Force operates Predator in Taszar, Hungary in support of Operation Joint Guard and training assets in Indian Springs, Nevada. The air vehicle and GCS contractor, General Atomics-Aeronautical Systems Incorporated, operates Predator from their test facility at El Mirage, California for research and development and production quality check flights.

The Air Force operates four air vehicles, two GCSs, and two TSIIs. Two of the air vehicles, one GCS, and one TSII are deployed at Taszar. This is a partial system. The other Air Force operated system (also with only two air vehicles) is at Indian Springs, Nevada supporting our ramp up of training personnel.

Future deliveries of hardware include air vehicle P013, which is slated for R&D (contractor operated). The next hardware to be delivered to the Air Force is scheduled for 1 Oct 97. This will posture the Air Force with three partial systems (7 air vehicles out of 12 required).

In summary, the Air Force currently has one partial system deployed and one partial system for training.

Below is a detailed air vehicle status.

System	Location	A/V No.	Status
2.....	Taszar, Hungary...	P007	Deployed in support of Joint Guard. AF Operates
2.....	.....	P012	Deployed
3.....	Indian Springs, NV (11RS).	P003	Nose gear did not deploy during FCF, 25 Mar. Damage on landing $270-370K
3.....	.....	P010	Training asset
1.....	El Mirage, CA (contractor test facility).	P005	Wet-wing configured. Blown turbo charger on 914 engine. Re-worked. In ground test.
1.....	.....	P009	Problem diagnosis, rework and checkout
1.....	.....	P013	Production check-out. Scheduled complete: 5 Apr Ku-SATCOM delivery scheduled for Jul. R&D asset
4.....	Rancho Bernardo, CA.	P014	In production. Scheduled delivery 1 Oct 97
4.....	.....	P015	In production. Scheduled delivery 1 Oct 97
4.....	.....	P016	In production. Scheduled delivery 1 Oct 97
(\1\).....	Duluth, MN.....	P011	Wet-wing configured. De-ice test 15 Mar-15 Apr

\1\ Operated with contractor corporate GCS and line-of-sight ground data

terminal.

Mr. Lewis. Just one more comment. I was earlier somewhat concerned about the movement of these systems from Huachuca. It was mentioned that there were distance problems, et cetera, et cetera. Frankly, the distance capability of Predator is such that there have to be other reasons for that expenditure. But it is an expenditure of discretionary dollars that are very dear dollars.

I intend to continue to pursue this all the way to the Secretary's level, for I give it that priority. I appreciate the Chairman's patience in the connection. Just so you know, I do have interest in questions like terrorism and counterrorism otherwise, but that will have to wait for another time.

Thank you, Mr. Chairman.

Mr. Young. Mr. Lewis, thank you very much.

Mr. Dicks.

CONTINGENCY FUNDING AND READINESS

Mr. Dicks. Well, I regret very much not being here for all of the various statements. Of course, readiness is one of the most important issues.

The way, as I understand it, what usually happens, is the various bases around the country are asked to pony up or they are not given money, or money is held back, in order to fund the deployment until Congress acts on a supplemental or that money is replaced. In some cases there is grave concern about training and exercises that are planned, et cetera.

Is this a major concern and does it affect readiness and training? Always having to guess about money for these various deployments?

General Moorman. Well, you missed a bit of the discussion earlier, sir. You are quite right, I would only modify your statement, to say that the bases, you don't withhold the money. The bases end up forward financing with monies that they had planned to do something else with, like fly or replenish spares or those kinds of things. So there is that period of uncertainty.

In the Air Force, for example, we have just had a four-star conference to discuss flying hours and how we were doing--when were the drop-dead dates and those kinds of things. So there is a great deal of uncertainty, regarding exercise participation, and basic combat training. How do your flying units or ground or naval units do your training because they have forward-financed and have no money left, they begin to start going C-3, C-4. So, yes, sir, it has a tremendous impact on readiness.

Admiral Gehman. We mentioned earlier it really varies with time. At this time, March of this year, we are faced with a $4 billion unknown out there. We can spread the cost of that over lots of accounts, not just readiness accounts, depot maintenance accounts, personnel accounts, flying hour accounts, all kinds of accounts.

As the year moves on, our option to spread that gets smaller, and smaller, and smaller, and it is only prudent that we hold back, that we watch our expenditures to make sure that

we have reserves. I think you understand that.

Come April, May, June, we are all going to start feeling discernible, measurable pain.

Mr. Dicks. It just seems to me that maybe between the administration and the Congress, we ought to do more, and I know this is easier said than done, about trying to make, anticipate and trying to suit, to put some additional authority in the budget for deployment, so you don't have to go through this exercise every year. But until I think this committee added some money, I think it was $600 or $700 million, that had not been done before. I think that is just something we need to try to figure out.

General Neal. I would just add, although not impacted too much for the requirement of the supplemental because most of the forces we have employed in the Bosnia peace were already forward-deployed, and there was some sacrifice in training in order to deploy them, but it was money we already programmed.

But I think the real key point you make is absolutely on the mark. Discretionary money just isn't out there, and we can't set aside at this time probably legally some type of an escrow account from which we can draw. But that is probably something we should take a long look at for contingencies.

My biggest burden, as we speak, is trying to recover money for repairs to damages brought about by the hurricanes down in North Carolina, substantial damages, $50 million worth of damage.

Mr. Dicks. Because of storms?

General Neal. Yes, sir, two hurricanes worth. Trying to find the money, the base commander is stretched to the limits. He has to do trade-offs through his prioritization, and then he pays for it and hopes that he can get some relief from committees such as this, sir.

Mr. Dicks. Thank you, Mr. Chairman.

Mr. Young. Mr. Bonilla.

ENVIRONMENTAL ISSUES AND READINESS

Mr. Bonilla. Thank you. Chairman.

General Griffith, I would like to start out by asking something that came up in our subcommittee last year. How much manpower is used at the National Training Center and Fort Bragg to deal with new sanctions like the Endangered Species Act, lawsuits and people that come around filing injunctions. In one case, I understand we had tanks stop rolling.

I understand at the National Training Center there is a need for more space to operate. This is also causing a big problem. How much time do you spend on stuff like that, which has nothing to do with training and readiness and distracts from what you really need to be doing?

General Griffith. Sir, I will tell you, we have learned a lot about red-cockaded woodpeckers and the desert tortoise in the last 5 years. It has been interesting.

I must tell you in all candor, we centrally select our commanders for garrisons, which I think is unique for us. The Air Force has done that in the past, we have not. We are training these commanders, and one of the things we are training them to do is to understand how they must operate in a

setting where the environment is very important, and rightly so.

We have closed down ranges at Fort Bragg. We had ranges at Fort Bragg that we couldn't use because of the red-cockaded woodpecker and much of that was our problem. We had problems at Fort Polk, Louisiana, where we were not able to use training areas that were important to use because we did not have a keen appreciation for what we were doing to the environment, and of course, California with the desert tortoise at our very critical training center for us, the National Training Center. That was a problem to a lesser extent.

But I must tell you now that since we have learned to operate with the various folks who work the environmental issues and have learned to work with them in a partnership arrangement, we have, quite frankly, found that the inhibitions to training have been cut dramatically. If you ask me do I consider that a major problem today, I would just have to tell you, no, I do not.

Mr. Bonilla. One of the reasons I ask is that in San Antonio, it is not just Army we have, there are Air Force installations there as well, and there have been some groups who have said that they, frankly, don't care if the military installations have to shut down. This relates to the water supply and a theoretical threat to the snail darter, something that no one has really ever seen, and it concerns me that instead of being able to concentrate on the things you need to do, this is too much of a distraction. It troubles me, frankly, when somebody affiliated with one of these groups says they really don't care if the installations have to shut down.

General, just one more question on this issue. Do you think that the Commander in Chief should have the ability to just simply sign a waiver or nullify the Endangered Species Act in a particular area of the country when it becomes too big of a distraction for those who are trying to do their jobs?

General Griffith. Sir, I don't really feel qualified to give you an answer directly, but I will tell you again, I want to reemphasize----

Mr. Dicks. That is an excellent answer.

General Griffith. The places where we find training; you mentioned Fort Bragg. Fort Bragg was a problem 5 years ago, and Fort Bragg is not a training problem now. It is not a problem for us to use our ranges there. It is not an area where we are having difficulty. We would like to extend the National Training Center. If you look at the area and if you want to move to the South, you have to deal with the issue there that you talk about, the desert tortoise.

I am not making judgments about which way we ought to expand it because we would like to expand it in both directions. If you expand to the East, then we do not see the environmental issues there. I am not trying to dodge your question, sir, but I, quite frankly, do not feel qualified to make that kind of call.

GUARD AND RESERVE TRAINING AT THE NATIONAL TRAINING CENTER

Mr. Bonilla. I appreciate that. Moving on to something related to the National Training Center, in your testimony, you

pointed out the obvious value of what folks learn there, and you also emphasized the important role of the Guard and Reserve and its total force.

My question is do the Guard and Reserve have the benefits of this training experience and is the entire active force having sufficient exercises of this sort? If not, even if not actually at the training center?

General Griffith. Sir, as you probably know, we have 12 rotations a year. We feel that a rotation to the NTC is the apex of training. That is graduate school for us.

To be little dramatic, after the Gulf War, when we went out and talked to our soldiers, the soldiers said the Iraqi Army was a piece of cake, because they fought far better enemy forces at the National Training Center.

We believe it is the crown jewel of training for the United States Army. The Guard goes there. We send Guard brigades programmed to go in there. It is graduate level work. It is extraordinarily difficult to be successful in that environment for a well trained active unit. An active unit that gets out of there with a tie against the opposing force feels lucky. I have taken units there and lost more than I have won, by far.

It is a extraordinary event to take a National Guard brigade there and have them do as well. Measuring against the same standards--and we agree with the Air Force in the sense that you should measure against the same standards--it is very difficult for the National Guard units to achieve the level of training readiness that you need to obtain before you put them into that environment.

After having said that, we are sending rotations of National Guard brigades there, and we have brigades programmed over the next 3 to 4 years. It is an extraordinary investment on their part to prepare for that event, because it is very, very difficult, very challenging, and very complex.

NATIONAL TRAINING CENTER SATELLITE OPERATION AND FORT BLISS

Mr. Bonilla. In the interest of allowing more Guard and Reserve to participate in this experience, what would you think of the possibility in the future of trying to set up maybe a satellite operation, maybe even in the Fort Bliss area, to logistically allow more people to participate? Because you can only move so many people through there, and also the logistical problems of getting them back and forth.

General Griffith. Sir, we have done that at Pinon Canyon in Colorado, but not at Fort Bliss, yet. We have had very high success at Pinon Canyon.

I think the satellite notion is one that has merit and one that, quite frankly, we are encouraging our Guard leadership to consider.

Mr. Bonilla. What about specifically the Fort Bliss area? Do you need another satellite operation, or are you happy with what you have now?

General Griffith. Sir, quite frankly, Bliss is a great training area. I have trained there, so I know the area very well. The problem with Fort Bliss for us is that you have to move units a long way to get them there. That becomes, of course, a great expense.

I would not rule out training at Fort Bliss because it is a great training environment. But also, to be candid with you, right now we are not planning at this time any maneuver exercises out there with Guard units.

Mr. Bonilla. I appreciate your candor, General. Thank you. Thank you very much.

Thank you, Mr. Chairman.

Mr. Young. Mr. Visclosky.

REAL PROPERTY MAINTENANCE

Mr. Visclosky. Thank you, Mr. Chairman.

Gentleman, thank you very much for being here today.

Two areas that I have a great deal of frustration over are the areas of real property maintenance and ammunition. My understanding is that during the last several years the committee has added on $700 million, $600 million, respectively, and that for this fiscal year we have created a quality of life defense account for $600 million. My understanding, however, is that during the coming fiscal year the backlog on real property maintenance is going to increase and the fund set aside for that purpose in the budget has declined. Would you care to comment on that?

My concern on real property is, we have this arrangement, if you would, every year. You do not ask for enough, we add it on, but everybody talks about the need for this to happen, and the quality of life and the issue we are addressing today, readiness. I guess I just keep waiting for you to ask for the appropriate amount of money, whatever that may be.

If you have asked for the appropriate amount of money, if could tell me why that is, I would appreciate knowing.

Admiral Gehman. I will answer first, sir. As I indicated in my opening remarks, the secret here is balancing accounts. Real property maintenance competes with modernization accounts, it competes with manpower and personnel accounts, and we are in a season right now of moving money toward procurement accounts. That is what we are all trying to do. Some people think we are not doing it fast enough, but nevertheless, the drift, the emphasis, is towards procurement accounts, and we are rebalancing all these other accounts.

Does that give us concern? Yes, sir, it does give us concern. In the Navy we have a 200-year plant replacement value equation. Every building we build, the finances indicated that we will be able to replace that building after 200 years.

Obviously, they are not going to last 200 years. That is not a useful way to look at it. On the other hand, we have found some efficiencies. We have found, for example, in the world's largest naval base, in Norfolk, Virginia, we found the best thing we can do is get the bulldozer out and start demolishing things. We have demolished over 70 buildings in the lasts 18 months. Those buildings all counted in our property accounts, and they all skewed the statistics, because half of them were empty and the other half that were not empty were being used by people who found empty buildings and moved into them. So like industry, we are having to find legitimate business ways of handling this.

Nevertheless, I am not here to tell you that we have fixed

this problem. We are migrating money away from these accounts, just as you suggested, but we are doing so because of a larger strategic reason. That is, the Congress and the Department of Defense and our departments have all realized we need to rebalance our investment accounts, and it does leave us with some concerns, yes, sir.

Mr. Visclosky. Is one of the problems how we categorize these buildings? You talk about demolition. I am familiar with the concept.

Are we simply not classifying some of these structures correctly so we have a truer picture of exactly where we stand on this question?

General Neal. Sir, in the case of the Marine Corps, our bases--and I am sure the Army would jump on board--a lot of our bases are old, as you well know. So trying to recapitalize those facilities is probably a losing venture. It is probably better if we can build something new.

So we have instituted an active demolition program also to try and whittle down these structures that no longer meet what we would require--they are substandard, while at the same time looking at the quality of life piece and saying, okay, where should we put our money that can best affect immediately the quality of life?

Of course, where the folks live, young Marines live, and where they work, are probably the two primary ingredients. So as a result, we have kind of focused our energy here.

But I would go back to what the Vice CNO said; it is a balancing act. In the competition for the limited resources, without discretionary money around, that balancing act sometimes doesn't go exactly how we would like to do it. But I think we have balanced it quite well. Your committee, in fact, has supported us well in that effort.

General Moorman. I can't add anything to what the VCNO and the assistant commandant have said about the mechanics. Your observations are absolutely right; we are taking money from these accounts because of the tightness of dollars and we are trying to keep a balance.

I would only say that the priority in this area is where people live, as has been said. I think this Committee has been spot on. You all have provided us money in that regard, plus-ups for, in our case, dormitories, and that is where the emphasis ought to be.

General Griffith. I would just pick up a couple of points to give you a couple of specifics in this area. You asked about the power funding against the requirement.

For instance, in the 1998 budget, we are funding 68 percent. We have $100 million--again, to another issue just talked about, we have $100 million we are going to apply over the years through 2003 to demolition. We are going to take down about 60 million square feet of old buildings that cost you a lot of money to hold on to and maintain.

By the way, we are sitting right now on 150 million square feet. We will still have excess surplus. So we will have surplus even after that.

I would also just say the committee has been generous to us. We appreciate it. Last year the Army picked up $149 million, and with that money we have been able to put 5,300

barrack spaces for soldiers up to top quality standards.

Mr. Visclosky. General Neal, if you are ever looking for a base, I have some great locations, like in Porter County, Indiana. So please do call us.

General Neal. I will keep that in mind, sir.

AMMUNITION MODERNIZATION AND INDUSTRIAL BASE

Mr. Visclosky. I appreciate the difficult balance you have to strike. I don't think I state for myself, because it was the Congress who added on $700 million in 1996, it was the Congress that added on $1.2 billion, and we too, obviously, have to struggle with striking that balance, and if we have to make those decisions, we will. I think the message I would want to give you is, I think you would have support, certainly within this subcommittee and the Congress, in trying to force that issue to every extent that you can.

In talking about balance, moving on to ammunition, my understanding is that you are in reasonably good shape as far as war reserves and training. The problem primarily is on modernization in your industrial base. Would you want to comment on that?

General Griffith. I guess I should be the one to comment on that, but I must tell you, I would have to provide you a reasonable answer for the record. I can talk about the ammunition. I can tell you we are modernized in our munition lines. We, quite frankly, do not have the money in the munitions budget that we would like to have. We are having to, as you probably know, use war reserve ammunition for training right now. That's about half a billion dollars this year. But after having said that and after having looked very closely at our war reserve stocks, we are in good shape in our war reserve stocks in the munitions area.

To talk about the production base, however, I would have to come back for the record and give you a better answer than I can give you here this morning.

Mr. Visclosky. If you could, and your perception of the problem as far as modernization. My recollection is, there are about 16 or 17 types, and there are monies in your budget, I think, for a number of those, but not even the majority of those, as far as modernization. If you could, I would appreciate it very much.

General Griffith. We will do that.

[The information follows:]

We have built a balanced ammunition program, within the context of the overall Army budget. We place funding priority on readiness which means training ammunition, then, modern munitions based on affordability. The fiscal year 1998 request adequately funds our demilitarization program and marginally funds our organic production facilities. The Army is currently performing an Industrial Base Assessment to identify opportunities for efficiencies and modernization, and make recommendations on reshaping the production base to meet national security requirements of the 21st Century.

The Army has sufficient war reserve assets (preferred plus suitable substitutes) to support the National Military

Strategy. Preferred munitions include 29 selected ammunition items. Fifteen of the preferred are considered modern; these represent the latest technology in ammunition design.

Asset levels, against the Army's Stockage Objective, for the 15 modern ammunition items are: 3 at 100 percent, 2 at 90 percent, 1 at 80 percent, 8 at 5-70 percent, and one item is being deleted. Asset levels for the remaining preferred ammunition items are: 11 at 100 percent or more, 1 at 90 percent, 1 at 65 percent, and 1 at 35 percent. Replacements for three of these preferred munitions are in research and development, with planned outyear procurements.

For preferred ammunition items at less than 100 percent fill, the Army has assessed the risk of the shortage by considering the use of suitable substitutes. The final assessment: the Army can meet its needs with the current asset level of preferred items and substitutes. If there is an immediate need to modernize to 100 percent for all preferred ammunition items, the estimated cost is $16 billion; only $2.5 billion can be executed in the near-term.

Mr. Visclosky. Thank you, Mr. Chairman.

Mr. Young. Mr. Hobson.

RESERVE COMPONENT CONCERNS

Mr. Hobson. Thank you, Mr. Chairman.

I want to make a couple of general comments to start off. In 1960, Secretary Robert McNamara said: ``We are going to get rid of the Guard. We don't need them. We are going to deploy them, and they are going to fail,'' and they didn't.

Some services have handled that pretty well and can compete pretty well. I am going to pick on you, General Griffith, a little, and this is a general perception, but I think you need to know how the committee thinks sometimes.

I think the Air Guard has competed very well and has gotten equipment and will show in its performance that it does. But I am concerned that the Army over the years--and it may be due to the mission, but it has not given to the Army Guard and the Army Reserves the support that it needs. So there is always a problem. I would hope--and you don't have to respond to this, but I would hope that you begin to look at that.

I have some problems with procurement, how it is done, and I have voiced those. You probably read all this stuff. I don't know if they tell you. But we have got to have a strong Army. I think we do have the best Army, but I wanted to make sure it continues to do that. But I think one of the strengths as we look out--and you have heard it here--I was over in MILCON the other day, and one of the guys got all upset again about the Guard and Reserves being ready to go and to do their job. I am not convinced that the Army is there yet. So I hope you will sense from some of the members what they are thinking about.

I also think we get gains in how everybody approaches things. You know the stuff we are going to put back, so you do some stuff that you fund some stuff elsewhere, and then we wind up having to put stuff back in.

I also sit on the Budget Committee, and I can tell you, we are having some real problems with that sort of thing over in

the Budget Committee. That is not just to you, that is to everybody.

I understand you have already had a long discussion in here about excursions off in various places, popular ones and unpopular ones. I don't know that any of them are really ever popular. But that is a problem with us. We are going to have to figure out how we fund that better overall.

NATO EXPANSION AND READINESS

I have a couple of specific questions I would like to get into. There is strong bipartisan support for enlarging the North Atlantic Treaty Organization. Some of the countries--Poland, Hungary, and the Czech Republic--are expected to come in sooner.

I have a particular interest in Latvia. One of my constituents is now fairly prominent in their defense. I have a particular feeling for those three little countries up there that the world just twice kind of said, ``You don't count,'' and dumped them off. I am concerned, though, about the readiness that might be affected by a NATO expansion because it is gong to cost some money. Is that going to give you all a problem or heartburn?

General Griffith. Do you want to take the hard one? I will just make a couple of comments about that.

I would not be presumptuous to make observations that are more rightly made by the Secretary of State about whether we ought to be doing that or not, but I will tell you from----

Mr. Hobson. Just from a readiness standpoint.

General Griffith. I mentioned earlier that in regard to U.S. Army Europe, it was well known that we had the 1st Armored Division in Bosnia performing a mission and a lot of forces in Hungary supporting the mission.

What did not get a lot of attention was the other forces in Europe, the commissioned and noncommissioned officers who were deployed an average of 180 days. Not just in Eastern Europe, but in many cases we were in Eastern Europe working with these new friends. We were working with these former adversaries of the old Warsaw Pact countries, talking to them about how you build professional armies, and how military forces operate in a democratic society. Candidly, it gives us additional missions; there is no question about that.

On the other hand, I think the value of all that is something I would not try to quantify but I think is enormously valuable for this country, for the future of Europe, and for the safety and security of a lot of people.

General Moorman. Sir, I want to echo that a bit. I don't really have a good sense about what NATO enlargement is going to cost the U.S. taxpayer or the defense budget. I really haven't gotten into that kind of discussion yet. That is being carried on at a level that is above the folks sitting in front of you.

On the other hand, this movement in Europe that General Griffith has referred to, these countries becoming more democratic and building professional military organizations, is really aided and abetted by a relatively small number of people in a funding sense.

I think all of us, as services, have activities under Partnership for Peace, which Ron was referring to, which may be the best spent dollars in the defense budget in terms of the payoff. These folks are doing a tremendous job in not only helping these nations get a better military but helping them understand the role of the military in a democratic society and evolving into that to become modern, democratic nations.

So I think in the JROC, we all review the Partnership for Peace Program, and we are all--I think I speak for all of us--we think that if the issue is funding in terms of NATO enlargement, that aspect in contributing to NATO enlargement is really money well spent.

Admiral Gehman. May I make a short response to that?

Without reading anything into your question, we are really talking about an unknown bill for the future here. It turns out that the Congress and the Department of Defense and all of the services, we have a number of unknown bills coming up. National missile defense is something you all are going to debate and we have to pay for; counterterrorism; defense against chemical and biological attacks is a bill which we may or may not have to pay; START II ratification or nonratification is an unknown bill.

So in addition to having programmatic risks about MRP and recruiting and things like that which we all struggle with every day, we mutually have a number of unknown risks out there, and when we have to do the trades for those things, I think all of us would not put readiness in the trade space.

There are a lot of other things we would put in the trade space. Some of them are going to be not pleasant to swallow. But I think we are fairly committed that readiness is not in the trade space.

COST OF TECHNOLOGY DEVELOPMENT

Mr. Hobson. Well, I just have another general question, and that is, if we look at readiness, this is a trade-off too; this is something, you know, you have to put in the mix.

In the Gulf War, we used a lot of technology and we learned that some of the stuff that we thought was not going to work did work, and you all used different parts of that.

Somehow you have to find a mix between technology and the cost of technology and your ability to have readiness and be ready for the mission that you really did not quite think about, because the times have changed. That is a big buck item too.

I happen to represent an area also--everybody on here seems to represent some area that does something, but, you know, this technology stuff is not cheap. But some of it is cheap, because some of it is off the shelf. That is the other thing we have to figure out. It is a change in our thinking, and there have got to be some changes also in the thinking.

I don't know how to put this, but I have had agencies come to me and say, ``You know, I would like to do it, but down in the bowels of my operation I have got all these people that have been there a long time, and I can't get this done.''

I suspect some of that exists in your bailiwicks too, because you have a command situation better than some of the

agencies, but it is still a problem to get the culture changed in how you do things.

I had a gentleman in the Marine Corps come to me on a program I don't like but I think Mr. Murtha does, so you are probably all right. He was a four-star. And he said to me, ``You know, we never lose, sir.'' And he said, ``You are fighting 40 years of how things are procured here.'' And I said, ``I may be doing that, but my kids can't afford the way things have always been done before.'' That is a problem.

I don't think you were the four-star.

General Neal. No, it was not me. Not guilty, at least not this time.

But what I might say to your basic question, I think, is, all of us are concerned about the dollars associated with technological enhancements. In fact, one of our primary jobs in the Joint Requirements Oversight Council, where most of the programmatic big-ticket items and not-so-big-ticket items come through on a routine basis is to give a sanity check to which direction the services perhaps are going.

But from a Marine Corps perspective, I think it is important. And Ron probably has another good news story to tell you as well. As you know, we set up the Warfighting Lab just a year ago, and through the good support from your committee we were able to execute or begin the execution of a 5-year program. We have just completed a good portion of the first phase of that program, and it was Hunter-Warrior.

The sole purpose of that advanced warfighting experiment is to try and find those commercial off-the-shelf-type technological enhancements that will allow our young Marines, and soldiers, sailors, and airmen to have the best technology available to them at the lowest price for the service. So we are working that.

That will be followed by Urban Warrior. We will be looking at how we fight in an urban environment using local, off-the-shelf commercial pieces of equipment. We are moving in that direction, I hope. I wouldn't speak for everybody, but in the deliberations of JROC we daily try to find out what is going to give us the best bang for the least dollar.

General Griffith. I think you are hitting at the issue of acquisition reform. Clearly, sir, that is desperately needed in the Department if we are going to do things. Again, I think we are making a lot of headway in that regard.

Butch mentioned the Marine Corps. We are doing our Army warfighting experiment right now at the National Training Center, where we are putting appliques into our fighting systems so we gain a much greater battlefield awareness. Most of the appliques we are looking at in the context are off the shelf, sir. We are having to adapt the software, but we are going to be able to refresh that software very frequently. That is imperative for us, because we are using for the most part commercial off-the-shelf technology, and we are making a lot of progress. But, there is a long way we still need to go.

ACQUISITION STREAMLINING

Mr. Hobson. You need to tell us where--my last question: You need to tell us also where we, the authorizers and

ourselves, can help you cut through some of the rules and regulations that over the years have grown into the system that prevent you from doing the right thing in some of these things. There is a lot of bureaucratic stuff in there that has been placed on you. We need to know that. Somebody needs to tell the chairmen of these committees how to cut through that stuff.

General Moorman. One of the things I would say over the last 4 years in the Pentagon is a growing success story and a continuing mandate is that subject of acquisition reform.

Mr. Hobson, your district has our Materiel Command and our Aeronautical Systems Center. One of the things I would implore for this committee is, the progress has been great, but I think we have just scratched the surface in acquisition reform, and I think anything that this committee can do to continue the pressure on the building to not fall back. To continue to press forward on less specs, smaller SPO's, more rapid times for acquisition review, there is just a host of things that all our services have under way. The payoff is tremendous. Every one of our services have examples now, in the last 2 or 3 years, of extraordinary savings because we have been able to do things on a more streamlined basis and a lot smarter.

One of the most significant things is what Mr. Hobson was referring to, and that is using commercial practices and buying commercial off-the-shelf equipment. It is extremely important.

The other thing I would say to you, because you touched on two things, one is technology and how do I get it and how do I strike that balance between loss of technology and readiness. All the services--and the Air Force is in that business as well; we are a high-tech force and trying to get technology out to the force as quickly as possible. We have, accordingly, stood up a series of battle labs. The idea of the battle labs is to take good, smart ideas, test them, and get them out into the field quickly and take advantage of it. I think that is exceedingly important.

In the sixties and seventies, we pushed technology. That is, the Defense Department or the national security sector were the folks that were pushing the technology horizon. I think in the JROC we see everyday how much technology is available. Now the challenge is to make the right technology choices. It is exactly the opposite of what it was 2 decades ago. Once you make the right decision, then how do you get it as quickly and cheaply as possible.

GUARD AND RESERVE MODERNIZATION

Mr. Hobson. Thank you, gentlemen.

General Griffith. Sir, could I respond to one issue? I do not want to leave this unresponded to, sir, because I share your enthusiasm for the Guard. In fact, I would tell you, if you asked me what I spent most of my time on as Vice Chief of Staff of the Army, I would say, other than JROC, working Guard and Reserve matters. I would like to talk to you about the initiatives we have taken.

Mr. Hobson. I wanted you to come back.

General Griffith. I would like to do that and tell you, when we talk about modernization, we have been putting between $2 and $3 billion of equipment a year into the Guard and

Reserve forces, and we are proud of that. I am more proud of the initiatives we have made toward integration. Those are not well known.

You talked about the Air Force model. We are moving very much in that direction in places where it makes sense. You would certainly understand the services are unique. The challenges are a little different in how you integrate. But, I would seek the opportunity to come brief you on the initiatives we are taking with the Guard, sir.

Mr. Hobson. Thank you.

Mr. Young. Mr. Murtha.

BASE EXCHANGES

Mr. Murtha. A couple of things have come up to me when I visited the bases not long ago looking at recruit depots and the qualities of people. One is the PX's, the BX's, depending on where you are, what they call them. A lot of them claim they are more oriented toward the retirees than the people, the enlisted people.

Now, that worries me a little bit. I realize they are in there to make money. I realize they have got to make money, because we have cut back on our subsidy and so forth. But do we have people in the armed service sitting on their boards, and do we dictate to them, now, do we say to them: ``Hey, instead of all of this high class material which you might have also, let's have things for the ordinary troops out there''? Do you make sure that gets done?

General Moorman. Yes, sir. In this case, the Army and the Air Force are together and the Navy and the Marine Corps have another exchange service. Maybe General Griffith would want to add to what I say here.

Yes, we do have a board. It is chaired by the military. It must brief the Service Chiefs. Besides making money, as you know, because we get a spin-off back to help the troops as a result of revenues from our exchange service, profit motive is extremely important. But they are required to do surveys of the customer base. They are required to solicit, to ask for what new product lines and determine what the troops want.

Mr. Murtha. Who are they surveying?

General Moorman. Active duty troops.

Mr. Murtha. You said customers. Retirees are customers also.

General Moorman. No; active duty troops. And leadership of the Exchange Service is as I say, required to come up and brief up through the system. The focus for the chiefs is the active duty troop, I will assure you, sir.

FOREIGN MADE GOODS IN BASE EXCHANGES

Mr. Murtha. Well, if I were to go into a PX, would I find a lot of material bought from overseas? Would I find half the items there bought from China and the Philippines and Malaysia and so forth? Would I find most of it made in America?

General Moorman. I will get you that for the record, but my perception would be, you would see the preponderance of items made in America.

[The information follows:]

Overall, 66% of AAFES stock assortment is US-made and 34% is foreign-made. The bulk of foreign-made merchandise is in the softlines area where 40% is US-made and 60% foreign-made, reflecting the locations of major softlines manufacturers. An example of a few softline items are clothing, jewelry, and shoes. Since AAFES carries the same brand name merchandise as their competition, it is made in the same countries that their merchandise is made, which include China, the Philippines and Malaysia.

Mr. Murtha. It is hard to monitor it because the way we are doing things, we are buying things off the shelf now. That makes it much more difficult to monitor what is going on. Even though we insist on it, it does not fit in together sometimes when you are trying to get the lowest price and good quality. But I would hope that you are watching that, that we are not getting all foreign goods.

General Moorman. That is a good point. I should know better the answer to that. You are quite right; when you talk about textiles to even tennis shoes, as you know, a lot of the industry has migrated overseas. So I am unfortunately going to have to give you a mealymouthed answer because I don't really have the data.

General Neal. I was going to add, sir, that just for the very reason that I think you are pushing towards trying to be responsive to the needs of the troops, a lot of the things they like and they want in the PX you can only find from overseas sources.

I am a runner, and some of the best shoes come from overseas, the ones I like. That is the same thing we run into with the young Marines. They say they want this, that, and that, and you look into it, you look for a distributor, and you find out, unfortunately, sometimes those products come from overseas.

RECRUIT QUALITY

Mr. Murtha. Particularly the cost has something to do with it, because it is so much cheaper. But I would hope we would insist, whenever they can, they buy American made, because obviously China, for instance, has got such an adverse balance of trade with the United States and it is to our best advantage not to do that.

The recruiting--somebody mentioned recruiting when I was out. I am concerned. I know you said high school graduates, the standards, you are taking less high school graduates. What I hear from the sergeants, the drill sergeants, is not so much the educational standards, it is the baggage they are bringing in.

That concerns me, because we have cut down also on the amount of time we are taking to train them, and we also have fewer supervisors. I have to say that I think part of the Army's problem at Aberdeen may be because there are fewer supervisors out there, so nobody is really going in and walking in and checking on these folks.

But when they talk about coming from all kinds of homes, abused, just everything you can think of, they want to get away from home, and they come into the service not for patriotic reasons in most cases, according to what I understand, they come in for all kinds of reasons--education, everything else, job training. But by the time the drill instructors get done with them, they change their attitude and they are good quality. But if we reduce the time that we have them, I think we have got a problem.

I think the other thing that the Marine Corps does right is, they don't give the recruiter credit until the person is the whole way through the system. I think that is important. The other thing they do is take a person for 2 or 3 weeks, or even a couple of months, before they come in, and sit down with them and have once a week for them to come in and meet with some of the recruiters.

Somebody told me--I think General Fogleman said he found his recruiters didn't have telephones, and his wife was meeting with the recruiters' wives, or spouses, and found out that they did not have telephones, to tell folks, and he said he was able to correct that right away. I would hope those kind of things we are sharing with each other and our recruiters have that kind of an advantage.

But I really see it slipping, and I worry that if we do not address it soon, that quality which has been absolutely imperative to the success in Bosnia, the success in Haiti, if it does slip, we will not be able to be successful and start having incidents that cause things that will be detrimental to our national security.

General Griffith. I think we are probably having the most difficulties right now with the issues you just spoke to.

I would just tell you, I think you have hit dead center on some problems that we have. I do not want to prejudge the work of the panels working for the Secretary of the Army, but I wholeheartedly agree that we in the Army have cut our training base too thin.

We had the tragedy of losing some Rangers down in the Ranger School a couple of years ago. When we got into that and looked at it, we said we don't have the level of experience, the level of leadership here, good noncommissioned officers, but not the senior noncommissioned officers which we traditionally had there, and you put soldiers at risk.

The Aberdeen thing I think is a reflection of the fact we cut our training base too thin during the drawdown period, and we have to go fix the training base because it is too important to us.

We may do the same thing the Marine Corps is doing. We are looking at extending initial entry training. I became convinced a couple years ago there was a difference in the physical fitness of young people coming into the forces today. Clearly, that is true.

The young people today are not as fit as the young people who were coming in 5 and 10 years ago. They have got a different set of values than the kids of 5 and 10 years ago. We have got to deal with that values issue, because if we do not, the problem we had at Aberdeen and other places is going to continue to haunt us.

Sir, I would say I share your views.

Mr. Murtha. I was very complimentary to the drill sergeants when I met with them, because I felt the time they were spending, they were doing the best they could do with the product they were getting from the recruiting station. But I think if you make some changes there, it will make a vast difference.

I have not visited the Navy or the Air Force. The chairman visited the Air Force. But what about the Navy? Have you got the same problem?

Admiral Gehman. We have recognized similar indicators in the civilian population, and we have adjusted the recruit training syllabus to recognize that the qualities of responsibility and patriotism cannot be assumed anymore.

We didn't go quite as far as the Marine Corps did in their crucible type of adjustment, but we have instituted in our recruit training some basic character-building kinds of things.

The second thing we have done is, even though we have cut down over the years on the length of our boot camp, our recruit training command, a very, very high percentage of our recruits go on to what we call apprentice or technical training, another 8 or 9 weeks of electronics or hydraulics or something like that.

What we have done is taken those schools and reinstituted Recruit Training Command-like attitudes in those schools. So those kids march to class; they stand up when they are spoken to. So really the experience--and they have all military instructors, we don't allow civilian instructors. So we have in some cases extended that boot camp experience over the long run.

SUPERVISORY PERSONNEL SHORTAGES

Mr. Murtha. Do you have the number of supervisors you need? For instance, what I found at Aberdeen was a substantial shortage of supervision, and that really hurt them, because then the drill sergeant himself or herself had to be the one to take them here and there, even at Benning. If they sent somebody to what we called the brig, they had to take them down to Pensacola.

If you cut back on a number of people, you say okay, we are spending extra time, we are changing the syllabus. But if you don't have the numbers in there, I know in talking to the commander of training, the four-star in the training command--Hartzog, is it? He understood this, but he didn't have the money to put the people into the training commands he needed.

So it is something that we are now all saying the same thing. We are recognizing it. But I don't believe you can reduce the length of the training, reduce the number of people, and come out, particularly with the problems we have. We are reducing the quality of the people we are taking in, we are shortening the time, and reducing the number of people training them. It can not be done. We are not going to get the same product out in the field.

I admit, in the field I have not seen a quality slip at this point, and I have not talked to anybody that would tell me that, but we are going to see it if we don't change the way we

are doing things.

How about the Air Force?

General Moorman. Sir, the issue I resonated on that you brought up was the issue of values and the kind of recruits that are coming in. Accordingly, we have had a major initiative over the last 3 or 4 years to emphasize core values, integrity, service above self, and excellence in all you do. That has had a good effect. I think we see that through the force, and I think it is necessitated by the fact that perhaps some of these values were not as instilled as well in the home before.

The other thing that we have worried about in the training area, and it relates indirectly to what you are saying, and that is, we started to worry a little bit about the attrition during basic training. We had people that were inclined at the first difficulty to medically opt out, and that ends up being very unproductive and not a good use of this scarce resource.

We, as a consequence, have taken some of that scarce resource and established a rehab activity and mad it harder to medically opt out. As a consequence, we are beginning to see a downturn now on the amount of attrition that we see at basic military training.

STANDARDS FOR RECRUIT TRAINING

Mr. Murtha. You have not lowered the standards. This is an important point. When I was out in San Diego, drill instructors were concerned there was such a concern about attrition, they were keeping people in they shouldn't. They tell me that is not true.

General Moorman. No, sir.

Mr. Murtha. That has not happen to you either?

General Moorman. We are working that very hard. We keep the standards up when we recruit them, 99 percent high school graduates and about 80 percent in the top three categories. That is how we start with them, and then, because they are such a valuable resource, we watch them very carefully.

But in that same core value business, sir, is the system of accountability and responsibility. The bad apples we have got to get out, because there are too many good apples to soil the batch there. So we are working that very hard.

The Secretary of Defense was just down and did a major review of Lackland, and came back, and he was fairly comfortable with it. But you have always got to worry about it. If you lose them at BMT and don't do it right, you have got a big time problem when you go to the Haitis and the Bosnias.

Mr. Murtha. Thank you.

QUADRENNIAL DEFENSE REVIEW AND READINESS

Mr. Young. One of the items that we have not mentioned at all today so far is one of the latest acronyms, QDR.

General Neal. Quadrennial Defense Review. We know it well.

Mr. Young. That apparently is going to become very important to all of us, all of you, and what recommendations come out of the QDR. You are major players there.

I am wondering if you believe that the issue of readiness is getting the proper consideration in the discussions of the

QDR?

General Moorman. Let me just start with a comment, and all of us have alluded to it. The JROC is spending an awful lot of time an QDR and hearing from the various panels that are evaluating. They run the gamut from infrastructure to modernization, across the board to intelligence.

One of the things we feel is our responsibility representing the uniformed services is to worry the issue, that whatever recommendations are made in QDR, whatever savings are proposed to fund modernization, are not at the expense of readiness, and that probably is as big a topic as we discuss. Almost every panel will worry about that particular issue. So there a lot of emphasis to it.

Admiral Gehman. As a matter of fact, it is my recollection after 3 or 4 hundred hours of meetings on the subject, except for specifically looking at the subject of tiered readiness as was directed by the Senate, I don't think there has been a proposal put on the table that cut day-to-day readiness. They are having lots of proposals put on the table to cut, capital R, big Readiness, but nobody is going around saying why don't we reduce the readiness of the force? except for the specific requirement to look at the subject of tiered readiness.

General Griffith. I would just echo, sir, I think we all feel so strongly about having been a part of, at least in the case of the Army, a force that was not ready after Vietnam. It was not a pleasant place to be, to be in the uniform, at least in the United States Army, because we were not a ready force.

Those of us who went through the agonizing experience of trying to put an Army together, or back together after the post-Vietnam period, and found it took us 15 years to put it back together. An Army that later in Desert Storm, Just Cause, and other operations, demonstrated what you can do when you have high quality people who are led by good leaders, are disciplined, and understand how they are trained. That training teaches them how to fight. That is so important. It is the bedrock.

Modern equipment is important. I was a beneficiary of the technology overmatch of the equipment that the Congress had given us in the years prior to Desert Storm. But I Can also tell you that when the war was over, my soldiers told me they could have beat the Iraqis with the Iraqi equipment.

A good soldier, well trained, tough, and disciplined--to me, is the cornerstone of readiness. So, I think we are all committed to ensuring that when we come to QDR, readiness will not be a problem there.

General Neal. I would echo what my colleagues have said. I was in the tank yesterday sitting in for General Krulak, who was testifying up here in fact. Secretary Cohen was in there with the Service Chiefs and the Chairman and Vice chairmen, and we were talking specifically the QDR and the format and what was important in the development of not only the process, but basically what is the balance and what are the trade-offs to do a good scrub, as mandated by Congress, to make sure that in fact, we bring a good product at the end of the day on May 15.

And readiness was uppermost a topic of conversation, to make sure that in some of these trade-offs, that we were not in fact affecting the readiness of the force we have, because if

you look out, both near term and out to 2010 and beyond, the demands upon the forces, whether they be Marines, Navy, Air, or Army, are most likely going to be very close to what we see today.

I think that is understood within the tank, and it was understood more specifically by Secretary Cohen. I think he is committed to making sure that we are ready, relevant, and well equipped across the force, and readiness is a key ingredient toward the whole QDR process. I don't think he will sacrifice that for the sake of budgetary concerns.

QUADRENNIAL DEFENSE REVIEW AND MODERNIZATION FUNDING

Mr. Young. Well, I am glad to hear you make that last statement especially about budgetary concerns, because I have been somewhat worried that the QDR final recommendations were going to be driven by budget restraints and the administration's desire to reduce the defense budget.

As I think all of you know, in the last couple of years we have had major confrontations with the administration over how much to invest in our national security. Congress prevailed. If the QDR came out with recommendations of further force reductions or not making the modernization investments that we need to make, I think that would make it very difficult for us to continue to make the investment that we think is necessary to keep you healthy.

When Secretary Cohen, whom I have respect for--I have know him for a long time, and we have been friends for a long time, but at one of his first meetings with the military leadership as reported in the press he talked about further force reduction.

And throughout our hearing cycle this year we are hearing about OPTEMPO and PERSTEMPO and some of the problems that they cause: Further force reductions; as long as we are continuing active deployments, if we reduce the force further, the OPTEMPO has to go up for each of those individuals and the PERSTEMPO.

I am hoping that all of you are strongly pushing the idea that the QDR should recognize the threat and recognize the strategy that we would have to meet the threat, and that you would be supportive of the issue that the Joint Chiefs made maybe nearly 2 years ago, that we need to get our modernization budget up to about $60 billion. But we have not come anywhere near that.

We are trying. In the House we tried. We lost a little bit at the full committee, we lost a little more in conference, but we are trying to keep that modernization account going.

It goes back to the first statement I made this morning when we began. If you don't provide modernization investment today, your readiness 5 years from now or 10 years from now just isn't going to be there and someone is going to be in trouble for it if the balloon goes up or whatever goes down and something has to be done.

So I am hoping that a strong case is being made not to reduce the force and not to cut back on the effort to increase the investment in our modernization.

If your have any comments on that subject, I would be glad to hear them.

General Moorman. Well, I would say, sir, that the latter thing you discussed these four folks in front of you spend a lot of time on, and that is the issue of how can we achieve efficiencies so that we can approach the right kind of level of modernization.

All of us realize that we don't have a high enough level, we are somewhere in the low forties, and we have to get considerably higher to support all the programs we have.

What we are about is looking at the results of these various panels to see where efficiencies might be able to be achieved in these various areas. I think we all, collectively, believe that we ought to wring out the tail in the tooth-to-tail ratio as much as possible so we can find funds to work modernization.

A second thing on the force structure side: I think this group believes that we have a responsibility to our respective chiefs and services to worry about any force structure proposals and the impact that that has, not only on warfighting capability, but also on the issue that this committee is about, and that is the OPTEMPO and PERSTEMPO business. The more you cut down, the more you task the available folks that have to do the job. This group is acutely aware of that, sir.

STORM DAMAGE REPAIRS

Mr. Young. I knew that was going to be your answer, at least I was pretty sure it was, and we appreciate that, and we know you have the tremendous responsibility that you all have in your respective positions in providing for the security of the Nation, which is much more awesome, I think, than most people realize.

General Neal, I wanted to ask you a question. When Mr. Visclosky was talking about some of the real property maintenance dollars that we had appropriated, we added substantially over the President's budget the last couple of years, and we held most of it in conference.

But one of the problems I talked with General Krulak about a week or so ago was some disaster damage that the Marine Corps had at Camp Lejuene, from the hurricanes. It seems to me you didn't get any replacement money to pay for those repairs, that you actually took it out of your other accounts.

What accounts did you take them from? Do you recall that?

General Neal. I will submit for the record the actual accounts that they were drawn from, but it was in excess of $50 million that the base commander down at Camp Lejeune--and we had to pull from also the headquarters and some of the other bases, money in order to offset the damage caused by those two hurricanes.

As I mentioned previously--I think you were out doing a vote--that has hurt us substantially, and I think General Krulak mentioned it to you and I reinforced during the previous committee testimony that we are hopeful we will get some budgetary relief from this committee during the current cycle.

Mr. Young. The funds that you spent for that purpose, were they taken away from readiness accounts or readiness activities?

General Neal. Well, sir, in the balance of trade space,

where we don't have much discretionary money in the Marine Corps, as you are probably better aware than I, it ultimately gets to readiness, because if a base commander has funds that are going to be used for his facilities, the training ranges, the maintenance of the ranges, if that money is being siphones off in order to repair the damage to the homes and living and work spaces of the Marines out there, then obviously there is going to be an effect upon the readiness.

FOREIGN MADE GOODS PURCHASED BY DOD

Mr. Young. Mr. Murtha had asked General Moorman about something that touched on a subject you and I discussed earlier, and I think we have worked out a solution to how best to approach that, but I wanted to show you this in view of Mr. Murtha's comments.

General Moorman. No, no, it is not going to be made in China.

Mr. Young. This is ``Air Force Reserve: A great way to serve.'' It has an 800 number. On the other side it says, ``Discover America's pride.'' On the bottom it says, ``Made in China.'' This is not an issued item, right?

General Moorman. That is not an issued item, sir. I don't know where that is bought, sir.

Mr. Young. It might have been purchased or given as a gift to someone.

General Moorman. I don't know where that is bought.

Mr. Young. As we discussed with one of our colleagues who is usually right on track who has raised those issues.

General Moorman. Yes, sir.

Mr. Young. I will give you copies of his letters, and you already saw the material that we talked about.

General Moorman. Yes, sir.

SUSTAINING DEPLOYED FORCES

Mr. Murtha. Mr. Chairman, let me just ask, it sounds like, in all that you are talking about, sustainability is going to be the thing that suffers. For instance, we are reducing--we are looking at tiered readiness, we are looking at quality, we are looking at modernization. But sustainability, it looks like this is going to be cut back.

I have always had a concern about the fact we can project our power to one MRC, two maybe if it is a Saudi and a Somalia. I don't believe we can do it in two; you may disagree, but I don't believe it. But I sure know we can't sustain it. Where is sustainability in this whole equation?

Admiral Gehman. As most of us indicated in our opening comments, Congressman Murtha, what we are trying to do in the JROC is to make an input into the QDR. Remember, the QDR is an OSD study and we just give them advice. That allows the Secretary of Defense to make a decision to bring all of these five or six elements, make adjustments balance such that no particular element, whether it be quality of life, readiness, OPTEMPO, or PERSTEMPO, or modernization, takes a disproportionate adjustment.

We are watching this sustainment piece of it very

carefully. As a matter of fact, in my service those are some of the most negative indicators that we have. Our backlog of engines and aircraft and ships is going in the wrong direction. That is a sustainability issue.

Mr. Murtha. I went to Fort Hood a couple of years ago, and two of the divisions were short on Bradleys with personnel, short with people in tanks, and then the other units were even more short.

Now, that was a couple of years ago. If you deploy somebody, I am sure you pull people out of other units to fill up the units, whatever the readiness level is of those units. But at some point you have got nobody to pull in there in order to do that. So that is why I raised the questions.

You are saying actually the sustainability is what is being affected here. This is what is happening.

General Moorman. From our perspective, we are watching the inventory and spares account, which is a big aspect of sustainability. In 1997 spares were down a bit, and where you start seeing that is mission-capable rates in airplanes. In 1998 we bring a budget that fully funds the spares account, and therefore our predictions are up.

In that aspect of sustainability, we have to watch it very carefully, and we particularly worry about the pointing end of the spear, on spares that affect aircraft, engines, missiles and those kinds of things. We are tracking it very, very carefully.

SUSTAINABILITY AND RETENTION

Mr. Murtha. But people, what you are going to have to do is keep people in, just like you did in Saudi Arabia. You have to freeze people in, because we have gotten to the point where we now have less stock because our computers tell us where things are so we can reduce all these things. Are you saying you are serious about sustainability also, we know where we are with sustainability?

General Griffith. Let me speak for the Army, sir. From a sustainability perspective, I think you hit right on it with your remarks about people in the field.

The thing that I would worry about most is not whether, ultimately, we have enough soldiers to conduct the operations necessary or not, but when would we have those soldiers available, because in the active Army, we are very lean and very busy. As you point out, when we move units to a place like Bosnia or to a response to an action in the Persian Gulf, we make sure the units are full up and ready to go. To do that, we are having to cross level, because we have more structure than we have people.

I think, ultimately, that with the Army Reserve and National Guard personnel that would become available once trained, we would have the capability to sustain. But, there is going to be an interim period, as we bring these folks on and ensure they are trained and ready to go, that we will be very, very stretched.

Mr. Murtha. You mentioned the first division was deployed 180 days last year and now they are in Bosnia, unaccompanied in both these cases when they are deployed, I assume.

The whole thing is getting to a very tenuous place, it seems to me. All of us know what we went through 20 years ago, which we don't want to go through. I believe the Secretary has learned I know what the chairman said was a concern of mine also, but he is listening and he is talking, I think, to the right people, and I know as long as you folks have input and as long as you are around. But once you are gone, the people are not there that remember this period when we had real difficulties, and it was a terrible situation. So I would hope that you would add sustainability to the equation.

Admiral Gehman. Mr. Chairman, if I could have your indulgence, I never got to answer Mr. Murtha's question about the exchanges. The Navy exchange is different and separate, of course. We have to operate a lot of exchanges in remote places, a lot of small exchanges that operate at a loss, because they are providing 100 percent service to sailors on ships in remote locations.

So if you walk into one of our big exchanges in a big metropolitan area which does indeed service a lot of retirees, that exchange has to make a lot of money, because there are 10 other exchanges out there on ships and places like that that have to operate at a loss. So if you walked into a big Navy exchange, you would indeed see the kinds of things, and you would say, wait a minute, the average sailor doesn't need this stuff.

One last thing. I think that at least in my service, and I think my fellow JROC members here would say, that we assess readiness as satisfactory but fragile.

Mr. Young. Well, I want to thank all of you very sincerely for being here today and giving us excellent responses to our questions.

We tend to be very curious on occasion. We have a lot of other questions for you, but we have run out of time. So what we would like to do is give you written questions and ask that you respond to them so that we can review them in our record.

Again, we stand ready to be your partners in providing the strongest national defense that we possibly can for our Nation and get the most for the dollar that we possibly can. We appreciate the work that all of you do, and we are very proud of those who serve in the uniform of the United States.

If there is nothing further, the Committee will be adjourned.

[Clerk's note.-- Questions submitted by Mr. Young and the answers thereto follow:]

Modernization and Readiness Today

Question. The Chairman of the Joint Chiefs of Staff has set a goal of $60 billion annually for modernization. Failure to achieve that goal would affect future readiness. Do we have a readiness problem today, due to lack of modernization of weapon systems?

Army Answer. While we do not have a near-term readiness problem due to the age of our weapon systems, without replacement systems or depot refurbishment programs, the age of our weapon systems could be a readiness problem in the long-term.

Navy Answer. Navy is not experiencing readiness problems today. We continue to have the ability to meet all commitments throughout the

range of the National Military Strategy with the weapons systems we have in place. Furthermore, it should be noted that as we move towards the 21st century, the recapitalization of our systems are planned for and the cost associated with those planned actions are included in the outyear funding projections. However, as we continue down that path, we will continue to maintain a watchful eye on readiness, constantly assessing our ability to meet our requirements and ensuring there is no impact to readiness.

Marine Corps Answer. We do not have a readiness problem today, but without an increase in our topline, we will be forced to continue to defer modernization to maintain current and near-term readiness. This deferral of modernization of our aviation and ground equipment will have an adverse impact on future readiness.

As our budget is currently structured, the downward spiral in modernization funding begins to reverse in FY 1999. This will allow us to support a robust modernization program capitalizing on recent investments in R&D. This increase in modernization funding is absolutely critical in order to ensure a ready, viable Marine Corps at the turn of the century.

Air Force Answer. Current readiness remains at historic levels. A lack of modernization money will affect future readiness. We will not see the impact of inadequate modernization for many years. Unfortunately, it will then take many more years to recover. Insufficient modernization now, will mean decades of unpreparedness in the future.

Modernization and Readiness in the Future

Question. Under the Administration's outyear budget plan, the earliest the $60 billion goal would first be met is in the year 2002. Will we have a readiness problem before the year 2002, due to lack of modernization of weapon systems?

Army Answer. The current program provides a balanced modernization program, with acceptable risk, within fiscal reality, but the Army faces many modernization challenges as the 21st Century draws near. During the drawdown, the Army accepted risk in its modernization accounts in order to maintain near-term readiness, end strength, and quality of life. Timely modernization is essential to ensure future readiness and to adequately equip the current and the future force.

We are buying a limited number of new, high payoff weapons, and working to extend (recapitalize) the lives and capabilities of many existing systems. Ideally, the Army needs approximately $14-$16 billion annually for modernization to maintain current combat overmatch capability, recapitalize worn out equipment and to maintain essential levels of research and development. The readiness dilemma that the Army faces for modernization is the risk associated with uncertain funding for unprogrammed contingencies and with other unprogrammed decrements to modernization accounts.

Navy Answer. The Navy funding contained within the budget before you and that in the Future Years Defense Program (FYDP) contains what we believe to be the right choices to modernize our forces while ensuring readiness is maintained. It should be noted that fiscal year 1998 marks an important transition period for the Navy as our acquisition accounts begin to bear the increasing investment of resources necessary to effect our recapitalization strategy. As we increase funding of the procurement accounts, we must do so ensuring current readiness is not damaged. It is for this reason we are

proceeding cautiously--studying our proposed actions before we take them.

Marine Corps Answer. Over the past 20 years, the Marine Corps modernization program has experienced a steady decline and will have reached its lowest point since 1972 by fiscal year 1998. Fiscal year 1999 marks the beginning of the resurgence of funding that is critical to support a more robust modernization program capitalizing on recent investments in R&D. Without an increase in the top line, achieving modernization goals without jeopardizing readiness will be one of the Marine Corps greatest challenges. This increase in modernization is essential to the Marine Corps.

Air Force Answer. No.

The Air Force core modernization programs are on track; therefore assuming that our overall fiscal guidance does not radically diminish, there will not be any readiness problem before 2002 caused by a lack of near-term or mid-term modernization. Consistently, our modernization priorities remain:

Near-term, the C-17

Early mid-term focus is on conventional bomber upgrades and procurement of precision guided munitions

Later mid-term focus is on air and space technology with emphasis on Space Based Infrared System (SBIRS), Evolved Expendable Launch Vehicle (EELV) and Airborne Laser (ABL)

Long-term priority is air superiority with emphasis on the F-22 and the Joint Strike Fighter (JSF)

We have used a balanced, time-phased approach which allows us to modernize without sacrificing current readiness. To balance our fiscal year 1998-2003 program, we used the near-term savings from C-17 Multi-Year Procurement, and we shifted some upgrades and weapons programs to the outyears.

Given our stated intent to maintain our commitment to these priorities, we do not perceive any modernization shortfall which would drive a readiness problem before 2002.

Question. If the Administration's outyear budget plan were to become true, deliveries of equipment purchased in 2002 would occur a few years later. Under the Administration's outyear plan, are you testifying that there will be no future readiness problems due to lack of modernization through the period of delivery of equipment purchased in 2002?

Army Answer. The current Army program through 2003 provides a balanced modernization program, with acceptable risk, within fiscal reality. The major risk to future readiness is the possibility that the Army will have to pay for unprogrammed activities from its modernization accounts. The Army has some programs which are not fully funded because the Army has to balance near-term readiness, quality of life for our soldiers and families, and modernization within limited resources. Fiscal constraints cause us to limit development of new weapon systems, while extending the service life and improving the capabilities of existing systems through technology insertions. The readiness dilemma that the Army faces for modernization is the risk associated with uncertain funding for unprogrammed contingencies and with other unprogrammed decrements to modernization accounts.

Navy Answer. The equipment scheduled for delivery in the early 21st century is planned for and reflected in the outyear funding projections. Additionally, equipment being procured today, will be delivered during the interim period between now and 2002. We believe this equipment will enable Navy to remain ready and meet all

commitments.

Marine Corps Answer. The Marine Corps current modernization goals are fiscally constrained. The downward spiral in our modernization accounts reverses in fiscal year 1999 as our topline increases, allowing us to support a more acceptable modernization program. If this planned increase holds, we will be able to capitalize on several recent RDT&E investments. This increase is absolutely critical to ensure a ready, viable Marine Corps at the turn of the century.

Air Force Answer. Yes.

Because our near and mid-term modernization efforts remain on track, there will not be any readiness gap in the years following 2002. We designed our modernization program to support readiness needs in the mid-term.

Modernization and Outyear Funding

Question. In your lifetime, when is the last time that a Department of Defense outyear funding projection actually came true?

Army Answer. Most of the Army's individual program outyear funding projections have been accurate. However, the most recent overall Army outyear funding projections have been less accurate as a result of unfunded contingency requirements. We have used our modernization programs as billpayers to maintain near-term readiness. The Army has to balance near-term readiness, quality of life for our soldiers and families and modernization within a very limited budget. While the budget provides the minimum adequate for near-term readiness and quality of life, the Army has significant shortfalls in Research, Development and Acquisition accounts due to chronic underfunding in the past. The Army requires $14--$16 billion annually in its modernization accounts in the Future Years Defense Program to fund them at a level commensurate with other Army programs. We are only funded at approximately $11 billion in fiscal year 1998, a level not seen since 1959 .

Congress provided us some help this year with approximately $2.8 billion in plus-ups, and we are taking actions internally to free up funds to reinvest in our modernization accounts. We are instituting acquisition reform and attempting to procure systems at economic rates and buy them out early. We are investing in and accelerating programs that reduce operations and support costs.

Navy Answer. Although it is true that outyear funding projections seldom materialize exactly as planned, they serve as valuable planning tools that can be, and are, continuously fine-tuned to accommodate real-world events and fiscal realities as they come closer to becoming budget year estimates. I would note that, although the question implies that outyears funding projections are always optimistic, this premise is not necessarily true. For the Department of the Navy, I would point out that our request for both fiscal year 1998 and fiscal year 1999 are substantially higher, by $1.8 billion and $1.1 billion respectively, than as outyears in the previous budget.

Marine Corps Answer. Funding projections, admittedly, rarely come true exactly as programmed. This is primarily due to changing fiscal constraints and inflation. The Marine approach is to develop a plan to meet the threat as is our mission as assigned by Congress. If fiscal constraints do not allow actual year to year inclusion of this plan, we have at least identified what our needs are should the country be able to afford it. For the Marine Corps, both in terms of ground equipment, as well as aviation equipment financed with Blue Dollars, significant

growth in the pace of modernization is reflected in fiscal year 1999 and the outyears of the current budget. Within current fiscal constraints, we see no reason why those levels are not achievable. Retaining and executing those increased levels are essential to future modernization of the Marine Corps.

Air Force Answer. If we lived in a static environment, the outyear funding estimates would be achieved on a regular basis. The outyear funding profile is DoD's best guess as to what will happen given the current world geopolitical situation at a specific point in time. If the geopolitical balance changes, DoD must adjust their outyear estimates to restructure the Services' mission focus to meet changing security requirements. While the actual outyear estimate may not match earlier predictions, the Services continue to meet their mission objectives while supporting DoD's overall objectives.

Modernization Funding and Projected Readiness Problems

Question. If Department of Defense (DoD) out-year funding became ``flat,'' when would the nation experience its first readiness problem related to lack of modernization of weapon systems?

Army Answer. The Army modernizes to maintain combat overmatch capabilities against potential future threats. To ensure our overmatch capabilities in all areas, we must approach modernization as a continuous journey. If DoD funding becomes flat, the Army will be forced to use aging equipment, with less capability, against 21st Century threats which require more advanced capabilities to defeat.

Today, we observe potential threats purchasing equipment superior to weapons used by our soldiers today. They can purchase high technology weapons and smart munitions on the open market. For example, many artillery pieces already out-range our current family of M109 howitzers. Our plan to maintain overmatch in this area is to field the Crusader howitzer around 2005 to provide our forces with appropriate capabilities. Our ability to successfully balance near-term readiness against current modernization and threat capabilities would determine when a ``flat'' budget would fail to provide overmatch capabilities required in the 21st Century.

Navy Answer. Navy's projected outyear funding trend, adjusted for inflation, is flat. Our strategy to pay for force modernization is to seek additional efficiencies in the way we operate and support our forces as well as continue to downsize and shed the supporting infrastructure. In doing so, a larger proportion of funds will become available for investment. However, we must ensure a balance between current and future readiness is maintained. We believe we can accomplish our modernization and recapitalization objectives and maintain this balance.

Marine Corps Answer. Marine Corps projected outyear funding for fiscal year 2000-fiscal year 2003 for procurement and research and development is adequate at a relatively flat level. This level will allow us to meet our minimal modernization requirements. At the projected outyear funding levels, we do not anticipate experiencing any readiness related problems.

Air Force Answer. The Air Force modernization budget is built upon a time-phased approach. It matches existing resources with validated and prioritized requirements as defined by the CINCs. We make tough decisions and trade-offs as required to buy the readiness and capabilities that are required to satisfy our warfighter's needs. Our readiness posture, now and in the outyears, is dependent upon our

ability to balance the modernization of our systems and capabilities while maintaining the required force structure--all focused on satisfying stated and validated national security objectives. Our current modernization program is based upon this balance as it exists today. Our operational commanders have identified strategic lift as their most urgent need, therefore the C-17 is our highest near-term modernization priority. Over the early mid-term, we continue to upgrade our bomber forces and our conventional munitions, focusing on those capabilities needed to provide our CINCs with a rapid-response capability. In the later mid-term, we will also be bringing on the EELV and SBIRS, the systems necessary to ensure space and information superiority. In the long-term, we will be upgrading our theater forces with the acquisition of the F-22. This system will ensure that future CINCs will achieve the air superiority they need to maneuver--to attack--and to protect their forces. This balanced modernization program, coupled with responsible stewardship of individual programs, will build the right mix of capabilities into the force of tomorrow.

Modernization and the Chairman of the Joint Chiefs of Staff Funding Objective

Question. Is the Chairman's $60 billion annual goal in constant or then-year dollars?

Army Answer. The number, as developed by the Joint Staff, was intended as a benchmark in constant 1996 dollars.

Navy Answer. It is my understanding that the target is a general one that refers to then-year dollars. To my knowledge it has never been specified since $60 billion was an approximate goal.

Air Force Answer. The Chairman's $60 billion annual goal is in then-year dollars.

Question. What is a true, realistic annual funding amount the nation needs for modernization?

Army Answer. The Army requires $14-$16 billion annually in its modernization accounts in the Future Years Defense Program to fund them at a level commensurate with other Army programs. Funding for full recapitalization would require annual resources in the $15-$20 billion range. We are funded for approximately $11.2 billion in fiscal year 1998.

Navy Answer. I cannot speak for DOD. However, the Navy funding contained within the budget before you and that in the Future Years Defense Program (FYDP) contains what we believe to be the right choices to modernize our forces while ensuring readiness is maintained.

Marine Corps Answer. The $60 billion annual goal of which the Chairman speaks is the goal of the entire Department of Defense. For the Marine Corps, a realistic annual funding level for modernization of ground equipment is approximately $1--$1.2 billion per year (in constant fiscal year 1998 dollars). This level will allow us to meet our minimum modernization requirements for ground equipment. As the budget is currently structured, we begin to achieve this level in FY 1999; a level which is absolutely critical in order to ensure a ready, viable Marine Corps at the turn of the century.

A realistic goal for modernization of our aviation force is approximately $3.0 to $3.5 billion annually. This amount would fund my top aviation acquisition priorities--the V-22 and the AV-8B remanufacture, at the most economical rate of procurement. It would also fund the H-1 Upgrade (4BN/4BW) program, KC-130J procurement to replace our aging fleet of KC-130F and R models, CH-53Es to complete

standup of our two reserve squadrons, additional F/A-18C/Ds necessary to sustain the F/A-18 force structure until replacement by Joint Strike Fighter, and continued investment in aircraft modifications to increase warfighting capabilities and maintain safety.

Air Force Answer. The Air Force program presents our proposal for approximately $18 billion (``Blue'' Total Obligation Authority) for modernization accounts in fiscal year 2003. $18 billion is the Air Force requirement to meet the obligations we have established in the fiscal years 1998 through 2003 Program (See figure 06-007-1 below).

Establishing overall DoD funding or determining what the other Services and agencies require for modernization is not Air Force business. Therefore, the Air Force agrees with the Secretary of Defense that approximately $60 billion dollars in DoD modernization funding in fiscal year 2002 is an appropriate sum.

Future Defense Spending

Question. Currently, the outyear projections for defense spending assume large increases, especially in the procurement account. On the other hand, there is tremendous political pressure to balance the budget. Also, the annual review of future defense spending by the Electronic Industry Association, which conducts interviews with hundreds of people in the defense area, predicts flat defense spending in the outyears.

If one assumes there are basically no increases in defense in the outyears, how do we achieve current modernization goals without sacrificing readiness?

Army Answer. Our current modernization goals are to invest in today's information age technology while leveraging high payoff enhancements to our current systems. If there were no increases in funding, we would continue our program of economies and efficiencies to reinvest savings dollars in high priority systems. We would try to buyout some systems early and increase production of others to economical levels of production. Other programs would be deferred to the outyears. We would replace expensive-to-maintain systems with newer, lower-operating-cost systems. Other high maintenance systems would be retired early and their replacements fielded at a later date.

Each of these options increases the risk to our forces should they be called upon to meet one of the many threats in the world today. We have balanced readiness and modernization in this budget and will continue to assess the risk in future budgets.

Navy Answer. Navy's projected outyear funding trend, adjusted for inflation, is flat. Our strategy to pay for force modernization is to seek additional efficiencies in the way we operate and support our forces as well as continue to downsize and shed the supporting infrastructure. In doing so, a larger proportion of funds will become available for investment. However, we must ensure a balance between current and future readiness is maintained. We believe we can accomplish our modernization and recapitalization objectives and maintain this balance.

Marine Corps Answer. Without an increase in our topline, we will be forced to continue to defer modernization in order to fund near-term readiness. This continued deferral of modernization of our aviation and ground equipment will most assuredly have an adverse impact on future readiness. As our budget is currently structured, the downward spiral in modernization funding begins to reverse in fiscal year 1999 as our topline increases, allowing us to support a robust modernization

program capitalizing on recent investments in R&D. This increase in modernization funding is absolutely critical in order to ensure a ready, viable Marine Corps at the turn of the century.

Air Force Answer. The Air Force has used a balanced, time-phased approach which allows us to modernize without sacrificing current readiness. For example, to balance our fiscal year 1998-2003 program, we used the near-term savings from C-17 Multi-Year Procurement, and we shifted some upgrades and weapons procurement programs to the outyears. In addition, we consistently search for infrastructure savings to offset readiness and modernization needs.

Given our stated intent to maintain our modernization approach and our commitment to search for infrastructure savings, we feel confident in our ability to achieve our current modernization goals without sacrificing readiness.

TIERED READINESS

Question. In February 1997, the Department of Defense (DoD) submitted a report in response to section 1047 of the fiscal year 1997 Department of Defense Authorization Act concerning the practice of tiered readiness. This practice involves manning, equipping and training units that are ``first to fight'' at the highest levels, and providing lesser resources to units that would deploy later in the event of a conflict.

The DoD report attempts to assess the current readiness of U.S. forces. The report concludes that for a single conflict, the ``force is maintained at a higher readiness posture than is called for in the generic scenario.''

The Committee understands that the tiered readiness report assesses U.S. forces in the context of a single conflict. Do the conclusions of the study apply to two major regional conflicts?

Army Answer. The study's single generic conflict, taken in isolation, cannot capture the challenges for our forces in today's security environment. Our forces are ready to respond to the demands of the full range of the national Military Strategy: peacetime engagement, conflict prevention and strategic deterrence, as well as fighting and winning two nearly simultaneous major reigonal conflicts. Our capability to respond to these requirements is discussed in a classified appendix to the report.

Navy Answer. Although the tiered readiness report submitted to Congress does not specifically address Navy unit ``response'' to a two MRC scenario, it does address Navy units ``tiered'' for a full range of the National Military Strategy. Under our current National Military Strategy, which includes a two MRC scenario, Navy maintains at high readiness sufficient forces to meet all requirements.

Marine Corps Answer. The conclusions in the tiered readiness assessment are founded upon the Bottom-Up Review and the current National Security Strategy of engagement and enlargement, recognizing the requirement for two near simultaneous major regional contingencies. Ironically, the ``tiered'' approach to unit readiness has existed within the Naval services for some time. The Marine Corps utilizes a cyclical rotation that directs our main focus of readiness to those units that are forward deployed or based, conducting presence, peacetime engagement and enlargement missions as part of our National Security objectives. Our rotational practice services as wll as it maximizes resource allocation within our Service. This ensures a high level of readiness in manpower, training, equipment and sustainment for units approaching their scheduled deployment dates.

Air Force Answer. Since the Tiered Readiness Report only focuses on the execution of a single, generic MRC, its depth of analysis does not allow any conclusions to be drawn on the readiness to perform 2 MRCs. We are conducting a more thorough review of this subject as a part of the QDR. However, QDR analysis is focused on the full range of the National Military Strategy and, therefore, examines this issue from a 2 MRC perspective.

Question. How robust are the assumptions of the study concerning the following issues:

Do the conclusions assume the current level of U.S. activity in lesser conflicts and in contingency operations other than war?

Army Answer. The report's assumptions conform to the single, generic conflict assessment scenario prescribed in the legislation. The legislation did not address considerations of current levels of U.S. activity in small scale contingencies. To more fully develop the tiered readiness picture, the report includes a separate classified appendix which depicts the current capability of units to respond to the full range of the National Military Strategy.

Navy Answer. Yes, In appendix B of the report, units are ``tiered'' to support current forward presence levels. Historically, these forward deployed units have reacted to conflicts and contingency requirements of lesser significance than that required under a wartime scenario.

Marine Corps Answer. To support the conclusions, the study assumes forces not required for the generic conflict will continue other commitments as required in support of national objectives. The United States Marine Corps and Navy provide a military force that can ensure regional stability or rapidly respond to crises throughout the world with a ``rheostat'' of capabilities. These expeditionary elements are self-contained and self-sustained--air, land, and sea striking forces, operating from a protected sea base, that can be rapidly tailored in place to meet any contingency.

Air Force Answer. The 1047 study only looked at the forces required to perform a single, generic MRC. It did not include a study of the forces required to support current operations, this will be done as a part of the QDR.

Question. What assumptions does the study make concerning the ability of lower tiered units to prepare themselves for deployment in the event a conflict should escalate?

Army Answer. This area is not addressed in the legislation. However, rather than rely on assumptions, the Army used actual unit readiness data to show how later deploying units prepare for deployment to support the full range of the National Military Strategy.

Navy Answer. Navy response times for a single generic MRC, contained in classified appendix A of the report, are consistent with the current two MRC policy guidance for both rotational presence and CINC force flow requirements.

This policy includes provisions to deploy additional forces to backfill presence hubs in adjacent theaters. These additional forces could be used to deter a second MRC or if directed by the NCA they could swing and augment forces in the first MRC.

Marine Corps Answer. The report is founded upon two assumptions that must be present to ensure lower tiered units are ready for deployment. The first centers upon personnel; stop-loss and mobilization authority are present. Second is availability of funding to support mobilization and essential pre-deployment training for the lesser tiered forces.

Air Force Answer. The 1047 study did not address how units would be

structured in lower tier, how much time and money would be required to bring units to full readiness, or the long term effects of tiering.

Tiered Readiness and High Value Military Assets

Question. What assumptions does the study make about those assets that are stretched by current contingency operations such as strategic lift, and high demand Air Force assets such as AWACS and JSTARS?

Army Answer. Strategic lift limitations are not addressed in the legislation. However, the legislation does direct use of the Bottom Up Review (BUR) force structure plus all planned enhancements. The Army assumed employment of programmed levels of major strategic lift systems--the Large Medium Speed Roll On/Off ship and the C-17 aircraft. Nevertheless, the Army applied constraints to the availability of these assets in the single generic conflict scenario. In so doing, the Army was able to inject a degree of accounting for the competition of strategic lift and impact on the flow of Army forces. The Army used existing strategic planning scenarios, including the BUR and the Defense Planning Guidance, to develop its force flow over time.

Navy Answer. Lift feasibility was not specifically considered in the report. The primary assumption made about Navy high demand assets such as CVBGs and ARGs was that SECDEF Global Naval Forces Presence Policy (GNFPP) would allocate these scarce assets between the CINCs to ensure optimum theater coverage. Questions regarding high demand Air Force assets may best be answered by the Air Force.

Marine Corps Answer. The report does not specifically address low density/high demand assets. However, appropriate numbers for a single conflict will be available, effectively withdrawing some or all support from other lesser taskings. This is consistent with the Joint Global Military Force Presence (GMFP) policy which address stressed assets such as AWACS, JSTARS and our Navy-Marine Corps EA-6B aircraft. Strategic lift, or lift feasibility, was not specifically considered in the report because, in a developing crisis, the actual requirement and sequence of forces would depend on what other operations were ongoing as well as when, where, and how the conflict developed. The scenario tiering of each Service's units reflects their most demanding scenario requirement for units and the time each type unit could be required in theater.

Air Force Answer. The study did not consider current operations or the impact of tiering on low density-high demand assets.

Tiered Readiness and the Quadrennial Defense Review

Question. Does the central assumption of the study, a single conflict, indicate the strategic assumption to be used in preparing the Quadrennial Defense Review (QDR)?

Army Answer. The study's single generic conflict, taken in isolation, does not capture the challenges for our forces in today's security environment. The real world is more dynamic and complex. The QDR will go beyond the legislation's limited scenario and address force readiness in the broader context of the full range of the National Military Strategy.

Navy Answer. The single conflict assumption was directed by the Congressional language in the Authorization Act. It does not indicate strategic assumptions to be used in preparing the Quadrennial Defense Review report.

Marine Corps Answer. The single conflict of the study is not being

used in the Quadrennial Defense Review (QDR). The QDR is based upon current strategy which recognizes the requirement of two near simultaneous major regional contingencies. However, the QDR effort may contribute to a further refinement of a Tiered Readiness Approach.

Air Force Answer. No. The consideration of a single conflict was a given condition of the study. This is not the strategic assumption of the QDR. The QDR examines the full range of the National Military Strategy and the military's means to support the strategy.

Quadrennial Defense Review

Question. What are the principal challenges confronting the Department which you hope to see addressed in the Quadrennial Defense Review (QDR)?

Army Answer. First, we expect that any changes directed as a result of the QDR will be based on our defense strategy, not a short-term solution to funding shortfalls. Some personnel reductions may be possible and may be part of the overarching objective of balancing requirements and resources, but such reductions should emanate from an assessment of our defense strategy. Second, we expect to demonstrate the increased relevance of Army forces and capabilities to the post-Cold War environment. While the active force has been reduced by nearly 36 percent, the tempo of our peacetime operations has increased by over 300 percent since the end of the Cold War. In nearly every major deployment of a joint force since 1989, the Army has provided the majority of the personnel. In most operations, the organization and capabilities of the Army make it the ``force of choice'' of the theater commanders. Finally, we hope the QDR will validate the Army's modernization objectives and priorities, and reallocate funding to balance our modernization requirements and resources. Over the last decade, we've seen Army procurement funding drop by over 60 percent. This cannot continue if we are to have a world-class Army to meet the new challenges of the next century.

Navy Answer. The challenges facing the Department of the Navy are:

Addressing our ability to continue to meet real world requirements and commitments called for in the National Military Strategy in a constrained fiscal environment.

We need to balance our concerns for supporting current operations and readiness with modernizing for future threats.

We recognize there are savings to be realized in infrastructure. Identifying these savings, and helping to recapitalize our modernization account is critical.

Conducting a thorough force assessment that meets strategy requirements of shaping, preparing and responding.

Overall, protecting the quality of life for our fine sailors is important to the CNO and all senior leadership.

Marine Corps Answer. The principal challenge is developing a strategy to cope with a chaotic, multi-faceted world in the absence of a unifying threat, such as the Soviet Union. Much harder to address are multiple smaller contingencies, including trans-national drug cartels, ethnic and religious strife, and the regional ``rogue'' states.

Other challenges are:

--Assessing the force structure required to respond to the Administration's daily requirements, yet retain the capability to deal with major threats to American interests--including the possibility of more than one major regional threat occurring close in time to each other.

--Finally, coming to grips with the need to modernize the force for the future in an era of competing national and domestic priorities.

Air Force Answer. The QDR allows the Department of Defense the opportunity to fully examine the needed strategy and force structure for the world of today and tomorrow. The principle challenges we face include the need to modernize our air and space capabilities, the requirement to do so within budgetary guidance, and the requirement to meet the daily tasks required by our National Command Authorities. The Air Force is committed to develop, train, sustain and integrate the elements of air and space power our nation needs. Today, air and space power capabilities are vital to the defense of our national interests at home and around the world. So far, we are satisfied with most aspects of the QDR process in terms of incorporating our views on issues relating to the emerging strategy. We are concerned with the perception that there is little need to modernize to face significant threats in the distant future. In addition, we have struggled to fully convince many of the accuracy of our analyses on programs such as the F-22. However, we believe that when the final work is complete, our program plans will be recognized as accurate, affordable, and most importantly, a sound and promising investment strategy.

Quadrennial Defense Review Fiscal Assumptions

Question. To what degree are the prospects for future defense budgets being factored into the QDR? Put another way, is the QDR a ``budget-constrained'' review?

Army Answer. I believe the QDR is budget-constrained, but not budget-driven. Ten years ago the Army's budget was over $100 billion, measured in fiscal year 1997 dollars. This year it is just over $60 billion. It would not be responsible to assume a return to the Cold War era budgets.

Navy Answer. The QDR is a comprehensive examination of defense strategy, the force structure of the active, guard, and reserve components, force modernization plans, infrastructure and other elements of the defense program and policies in order to determine and express the defense strategy of the United States and to establish a revised defense program through the year 2005.

All portions of the Department of the Navy are under review. While some budget assumptions must be made while analyzing different paths to accomplish the tasking of the QDR (as stated above and which is quoted from the Fiscal Year 1997 Authorization Bill), to call the review ``budget constrained'' is not quite accurate. Nowhere in the legislation is the review to be conducted while acting under any budgetary constraint. While most of the assumptions are based on zero growth of service topline, or, based on topline growth in conjunction with inflation, the QDR remains a strategy based review.

Marine Corps Answer. An unconstrained strategy and force structure would not be responsible nor respond to the concerns of the Congress and the American citizen. The QDR is working very hard to accommodate both strategic and budgetary interests. The QDR is better described as a strategy-based, fiscally responsible review.

Air Force Answer. Yes, the QDR is budget constrained. OSD started the review with the implicit understanding that absent a clear threat, and the need to balance the budget, there would not be real growth in the defense budget in the foreseeable future. In addition, it was also clear that our modernization accounts were inadequately funded to continue all of the programmed modernization efforts into the long

term. Given the continued use of military forces to shape the global environment, it seemed reasonable to assume that there would be continued pressure on our modernization accounts in the future. Therefore, the two-fold purpose of the QDR was not only to determine a strategy and appropriate force structure to match, but also to find a way to fund modernization of this force through better use, or reprioritization, of our constrained resources.

Quadrennial Defense Review and Personnel Reductions

Question. Both the Secretary of Defense and the Chairman of the Joint Chiefs of Staff have been quoted as saying a major issue in the QDR is trying to find a way to reverse the decade-old decline in procurement funding. This suggests potential additional reductions in the future in both military end strength levels and also DoD infrastructure costs. Military personnel and operational tempos are at very high rates. How can we consider additional cuts in personnel given the missions and commitments our forces are being confronted with?

Army Answer. I agree with the comments of the Secretary and the Chairman. In the past ten years, the Army's procurement program has decreased by over 60 percent. That was an acceptable measure given the change in the geostrategic environment and our simultaneous downsizing of forces. Essentially, we accepted an increase in near-term risk in Army modernization to ensure that our soldiers and families were adequately provided for during the transformation. However, we must now begin to increase procurement funding if we are to provide the theater commanders and our soldiers with the right set of capabilities for future operations. The current operational tempo of the Army is much higher than during the Cold War, although Total Army personnel have been significantly reduced: active forces are 36 percent smaller, the United States Army Reserve is 35 percent smaller, the Army National Guard is 20 percent smaller, and Department of the Army civilians are on a path that will reduce our civilian force by 42 percent since 1989. Even with these reductions, additional personnel reductions can be achieved without significantly degrading our ability to implement the defense strategy if they are carefully crafted. Part of these savings can be achieved through additional reengineering of our support base and a revolution in business affairs. Other reductions can be achieved through headquarters streamlining and elimination of very low priority units that are not necessary to implement the defense strategy.

Navy Answer. The Navy has been examining many options that would reduce the number of sailors needed both at sea and ashore. Through privatization, outsourcing, and implementation of technological advances, we feel that we can reduce the number of active-duty sailors needed to run shore facilities and ships at sea. These manpower reductions will be carefully monitored and will not impair our ability to conduct missions and commitments.

Marine Corps Answer. High operational tempo in itself is not necessarily an undesirable situation. The Marine Corps, in particular, is a young force relative to our sister Services. Our men and women joined the Marines to serve their country and to seek adventure and challenge. Both our enlistment and re-enlistment rates reflect a broad satisfaction with ``being busy''. However, we are sensitive that a fine line divides challenging, exciting high operational tempos and readiness-degrading weariness stemming from over commitment. The QDR is looking at ways to maintain vital forward presence in regions essential to American interests, but maintain acceptable operational tempo for

our Marines, Sailors, Soldiers and Airmen and their equipment.

Air Force Answer. I share the same concern and we're clearly facing tough choices. Over the past several years, our National Security Strategy of Engagement and Enlargement has tasked our smaller military with a unique set of challenges. At the same time we've reduced our forward based force structure by 66 percent. As a result, the Air Force has become a more expeditionary force and our people are more frequently deployed. Current Air Force readiness levels allow us to deploy forces rapidly anywhere in the world to gather essential intelligence, discourage potential enemies, halt invasions, or provide humanitarian aid. We also have been aggressively pursuing a modernization plan that will allow us to be a great deal more effective in all of our missions with less people. For example, we have retired older weapon systems that required more time to repair which in turn has allowed us to reduce the number of personnel involved in meeting the mission demands. In addition, we have optimized the Total Force concept. Air Force Reserve and Air National Guard forces are supporting a greater share of contingency taskings and Joint Chiefs of Staff-sponsored exercises, reducing the PERSTEMPO of the active forces. In 1996, the Guard and Reserve contribution was close to DESERT SHIELD levels. There remains significant availability constraints for peacetime operations, but we feel our active-to-reserve component mix is nearly optimal to effectively achieve our national objectives. The QDR process has urged us to focus on the alternatives and perform detailed analyses. As a result, we are discerning better ways to help us maintain readiness while pursuing modernization.

Quadrennial Defense Review and Infrastructure Reductions

Question. Regarding infrastructure, do you believe that current efficiency measures such as privatization, acquisition reform, and inventory reductions (e.g., secondary supply items such as spare and repair parts, and consumable supplies) can sufficiently reduce operation and maintenance expenditures to accommodate increases in procurement?

Army Answer. No. It will take a combination of measures to balance modernization requirements with resources. It is likely that additional infrastructure reductions and realignments, and potentially some modest personnel reductions, will be required.

Navy Answer. Current infrastructure efficiency initiatives can provide some savings; however, they may not be enough to accommodate all procurement increases. QDR report is still under development and some infrastructure initiatives will remain under review past the May deadline. When all efforts in infrastructure are complete, a better understanding of the extent of savings will be available.

Marine Corps Answer. There is every reason to believe some savings will be generated from the currently planned Marine Corps outsourcing and privatization effort. These savings will be realized through either development of most efficient organizations or through competitive sourcing of base commercial activities. It is our hope that the DoD-wide savings from such initiatives will be sufficient to accelerate the Marine Corps modernization effort.

Air Force Answer. The savings from reducing infrastructure operations and maintenance expenditures, although significant, will probably not accommodate major increases in procurement. The Logistics Task Force, a part of the Infrastructure Panel in DoD's Quadrennial Defense Review, reviewed over 50 potential initiatives. The Panel

approved pursuing over 20 of these initiatives. In some cases, the Services were already pursuing specific efforts and had programmed associated savings in their budget submissions. In other cases, the initiatives led to additional savings for some or all of the Services.

Quadrennial Defense Review and Base Closures

Question. Do you believe additional rounds of base closings are needed?

Army Answer. Yes. We can further improve the cost effectiveness and efficiency of our support base.

Navy Answer. This issue is being studied by the Quadrennial Defense review (QDR) Infrastructure Panel. The Navy position on this is that there is sufficient excess infrastructure to support additional closures.

Marine Corps Answer. The Department's Defense Science Board indicated the potential for up to $30 billion savings in infrastructure. Realizing that sum would require one or more additional rounds of base closings. However, that is a policy decision for the Administration.

The Marine Corps is already tightly constrained by previous base closings--specifically our air station in El Toro. There is little in the Marine Corp infrastructure inventory that could be considered excess at this time. We are continuing to examine our infrastructure requirements in conjunction with the strategy and force structure assessments.

Air Force Answer. The need for additional rounds of Base Realignment and Closure (BRAC) and the timing depends on the results of the Quadrennial Defense review, currently underway, and appropriate legislation.

Troops vs. Technology

Question. Gentlemen, General John Sheehan, Commander in Chief of the U.S. Atlantic Command, has stated that, ``technology will be no substitute for well-trained ground forces in the military operations of the future.'' He states that the military missions of tomorrow will be in urban areas that will require troops on the ground and not, for example, a need for high technology aircraft over head. Gentlemen, do you agree with his assessment for future contingencies?

Army Answer. Yes. While the risk of a high technology peer competitor cannot be discounted, trends indicate an increasing frequency of U.S. involvement in lesser regional conflicts and operations other than war (e.g., peace support operations, security assistance, humanitarian relief, and combating terrorism). While technology can assist in the conduct of such operations, rarely can precise, highly lethal weapons delivered from a distance redress the strategic conditions that created the challenges to U.S. interests. Nor do those high technology solutions apply to the increasing likelihood of irregular and non-conventional warfare or operations conducted in urban areas. As currently configured, only U.S. ground forces are well suited for such operations.

Retention of engagement and enlargement as a national security strategy will increase the frequency of such operations and the demand for ground forces. Thus, the United States must maintain capabilities to meet challenges throughout the range of military operations, particularly at the low end, if it is to promote and further U.S.

national interests.

Navy Answer. I believe that the General is correct in that there are some missions for which high technology cannot alleviate the need for troops on the ground. Across the wide spectrum of potential military operations, urban warfare certainly would have to be one of the more manpower intensive. I also believe however that modern technology, properly applied, can be a force multiplier that provides a distinct advantage whether we are talking troops on the ground, airmen in the air, or sailors at sea.

The Navy recognizes that the military missions of tomorrow will be where the people are--in the littorals, areas that include a large proportion of the world's urban centers. It is with this in mind that the Navy has developed its Navy Operational Concept which describes how the Navy will execute Forward . . . From the Sea into the 21st Century. Naval capabilities are well suited to successfully completing the full range of missions in the littoral environment, often including providing support to Marines and soldiers ashore. Modern systems with greater range, capability, and sustainability allow naval forces to have a greater impact on events ashore than ever before. Additionally, the harnessing of modern technology to gain information superiority will allow us to accurately assess enemy capabilities and determine how to best accomplish any given objective.

Thus as I look to the future, I forecast the need to balance technology with troops, ensuring that we invest in both to achieve optimum mutual support.

Marine Corps Answer. Yes, to a certain extent. The Marine Corps' ability to conduct military operations in the future rests with the individual Marine. Marines are trained to be ready for uncertainty and to successfully meet tasks by adapting, improvising, and prevailing. We equip our Marines to fight, not man our equipment. Our Marines are fully integrated into a synergistic force package that emphasizes the application of combined arms and maneuver warfare. Advanced technology in both ground and air applications will complement, but will never alleviate the need for well trained and well equipped ground fighting forces. Our Sea Dragon series of experiments highlights our efforts to ensure that technology supports the man. Our upcoming experiment entitled ``Urban Warrior'' will look specifically at combat in urban areas.

Air Force Answer. It's possible we may see more urban conflict in the coming years, but a survey of the actions we're involved in right now in the Balkans, Southwest Asia, Africa, and South America, shows that we can't use urban operations as our sole planning scenario. The recently completed Joint Strategy Review (JSR), setting the strategic planning context for future operations, and the Defense Planning Guidance (DPG), with its Illustrative Planning Scenarios, clearly outline future contingencies that emphasize the need for military capabilities with a broad range of technological sophistication--from ``boots on the ground'' to dominance of the skies to special operations forces tailored for specific missions. The JSR and DPG are the established vehicles for building consensus on the nature of future conflict, and decisions about the appropriate mix for future forces flow from there.

Question. Do you believe that the increased use of technology can substitute for the numbers of troops on the ground or sailors on ships? In other words, should we reduce manning further because we are technologically superior?

Army Answer. The Army has not determined the answer to this

difficult question. Technology will give us some enablers that will provide some efficiencies in employing the force. Additional study and analysis is required to determine the right manning level required when balanced against the capabilities of technology.

Navy Answer. The Navy is aggressively pursuing initiatives that would enable us to reduce manning levels without a corresponding reduction in capabilities. Examples of these initiatives include the Navy's ``Smart Ship'' and ``Smart Base'' projects and a strategy for the increased use of ``competition and outsourcing.''

The Smart Ship project provides an effective means to test and evaluate emerging labor saving technology and doctrine changes. Initial testing of approximately fifty individual labor saving initiatives has been undertaken onboard USS Yorktown. Other examples include incorporation of Smart Ship concepts into the development of designs for the Arsenal ship, SC-21, and CVN-77.

The Smart Base project, similar in concept to Smart Ship, aims to increase shore installation efficiency and reduce the cost of infrastructure. Naval Station Pascagoula, MS and Naval Shipyard Portsmouth, NH have been designated as demonstration sites.

The competition and outsourcing initiative would lower costs and increase efficiencies and replace non-core function military billets with civilian personnel or contractors.

These initiatives, successfully implemented, promise to allow reduced personnel manning levels while maintaining a superior force. We must however be careful to ensure that we actually receive the expected level of benefit from these new concepts and technologies, and determine that they will work in a combat as well as a non-combat environment before we reduce personnel levels. Absent these precautions, we risk degrading the overall effectiveness of our forces and demoralizing the highly professional well-trained force we have worked so hard to create.

Marine Corps Answer. The Marine Corps position is that technology should not be viewed as an end to itself. Technology should be used as an enabler not as a numerical replacement for Marines and Sailors. The Marine Corps has always viewed the individual Marine on the battlefield as our most important asset and technology as a means to enhance his warfighting capabilities, lethality and survivability.

As the Marine Corps proceeds through the Sea Dragon experimental process, we seek to fuse technology and enhance the capabilities of the warfighter through the introduction of new equipment and tactics, techniques, and procedures. During this process, we must be careful not to automatically cut force structure without first conducting a proper analysis. This will be accomplished through our Marine Corps Concepts Based Requirements System which reviews the impact of changes to existing technology, tactics, training, and procedures on Marine Corps doctrine, organization, education and training, equipment, and structure.

Once this analysis is complete, the Marine Corps can then determine how to best organize, train, and equip to meet the mission requirements of our Corps. With that said, our current end strength of 174,000 active and 42,000 reserve Marines is essential for the Marine Corps to execute its assigned responsibilities. Reduction of current strength without concomitant reduction in U.S. commitments will undermine force stability, foreign policy initiatives, and the Nation's ability to protect its national interests.

Air Force Answer. The key to success is balanced use of both these American strengths: leading edge technology and highly trained

soldiers, sailors, airmen, and marines. Today we're operating at the limits of each. While the United States has long used its technological edge to keep the active duty force as small as possible, there is no breakthrough on the immediate horizon which would allow us to draw down further without accepting increased risk. Our forces are sized to meet the needs of our two major regional contingency security strategy by taking full advantage of both our available technology and the very highest quality young women and men our nation offers. And even during the period of relative peace we're now enjoying our operational tempo is very high and our people are feeling the stress. Further force reductions could significantly increase the burden on those who remain.

Reserve Component Readiness

Question. The Reserve components are playing an increasingly important role within the total force structure, with units and individuals being used in numerous contingencies in the past and currently in Bosnia where troops were mobilized under the Presidential call-up authority. Would each of you briefly address the level of readiness of your Reserve components?

Army Answer. As a result of tiered resourcing instituted several years ago, the readiness of the U.S. Army Reserve (USAR) has improved both quantitatively and qualitatively. Readiness levels are appropriate for USAR warfighting forces, and the goals established for them are consistently met.

Readiness in the Army National Guard (ARNG) is at its highest level since the end of World War II. The ARNG has modern equipment and highly motivated and skilled soldiers and leaders.

Navy Answer. The Naval Reserve is maintaining a consistently high level of readiness through increased PERSTEMPO and OPTEMPO support of the active Navy. Since the end of the Cold War, the Naval Reserve has been shifting paradigms from a Force that trained for augmentation in times of crisis, to a Force that is trained and integrated across the spectrum to respond to the day-to-day requirements of the Navy, while remaining ready to mobilize. The end result is a Naval Reserve that works and trains side by side with the Active Navy and has therefore become a significant force multiplier available to meet the peacetime operational requirement of the 2,200 afloat and ashore commands of the Navy as well as a mobilization force in time of crisis.

In 1977, one in every five sailors is a Naval Reservist. Of the approximately 96,000 men and women who make up the Naval Reserve, 85 percent are prior service veterans. Identical training requirements and the large percentage of prior service members ensure the seamless integration of the Naval Reserve with their active-duty counterparts. This seamless integration of the Navy's Active and Reserve forces is providing unprecedented levels of contributory support to the fleet.

The properly structured, trained and equipped Naval Reserve Force of today provides essential and cost-effective contributory support to the Total Force. We have ensured that we have structured, trained, and equipped the force to be a significant force-multiplier to meet both the Navy's day-to-day support and mobilization commitments. Training to identical standards and maximizing the horizontal integration of equipment between the Active and Reserve Forces is our benchmark.

The integration of the Active/Reserve forces enables the Naval Reserve to maintain high readiness and provides the flexibility to produce the right response, customized to realize the ever-changing requirements of forward presence, prevention, deterrence, and

resolution, essential to the National Military Strategy.

Marine Corps Answer. When mobilized, Marine Corps Reserve units do not expand the force, but bring the three Marine Expeditionary Forces currently in our active force to full strength quickly. This is accomplished by inserting Marine Reserve Battalions and Squadrons into our active war fighting Marine Air Ground Task Forces (MAGTF's). Because of this unique role, the Marine Corps Reserve continues to maintain a high state of readiness and interoperability with our Active Component forces.

Air Force Answer. The ARC forces are fully trained and have sufficient resources to meet the National Military Strategy. Currently 91 percent of our Guard and Reserve units possess the equipment, personnel, and other resources necessary to meet their wartime commitment.

Reserve Readiness Trends

Question. What is the trend of that readiness over the last few year . . . steady, improving or declining?

Army Answer. Since the inception of the Force Support Package process in February 1996, the readiness of the U.S. Army Reserve (USAR) first-to-fight units has improved significantly. During the same period, the overall readiness of the entire USAR has also increased. With the inception of the dedicated Procurement Program (DPP) in 1981, equipment on hand readiness has substantially increased. Under the current resource constraints, the USAR expects to maintain these readiness levels.

There has been a steady, positive trend in the overall readiness of the Army National Guard (ARNG) units over the past several years. Readiness has improved significantly in the ARNG's first-to-fight units (Force Support Package units and Enhanced Separate Brigades), with the remaining units struggling to maintain minimum deployable readiness levels as a result of reduced resources. This ``gap'' in readiness between first-to-fight units and the remainder of the force could increase if resources become more scarce.

Navy Answer. Readiness of the Naval Reserve has been relatively stable. Since 1993, there have been slight variations attributable to composition of the force, changes such as decommissioning of Reserve squadrons and ships, and the restructuring of entire programs. While these changes have mostly come about as a result of efforts to downsize and concurrently modernize, they are also a result of efforts to simply better utilize our available assets.

Marine Corps Answer. The Marine Corps Reserve has been working hard to improve readiness over the past few years. Noteworthy among our improvements have been upgrades to our reporting procedures and efforts to develop alternate MOS qualifying methods that can more quickly qualify reserve Marines in their primary MOS. The results have been a steady improvement in overall readiness. We continue to actively pursue initiatives that will move us into an even higher readiness status.

Air Force Answer. Air Reserve Component readiness levels have remained steady for the last five years. However, budget cuts, the drawdown, and the pace of current operations have placed significant stress on all the Air Force's people and equipment, including those of the reserve components. The Air Force is closely monitoring key indicators for any negative trends. Our biggest evolving concern is pilot retention. In addition to the retention problem caused by high OPTEMPO, the airlines are now hiring in large numbers. As a

consequence, we are beginning to see reductions in the numbers of pilots accepting the bonus, as well as increases in the number of pilots applying for separation. The Air Force is working the pilot retention problem hard.

Contingency Operations' Effect on Reserve Readiness

Question. The Reserve components are playing an increasingly important role within the total force structure, with units and individuals being used in numerous contingencies in the past, and currently in Bosnia where troops were mobilized under the Presidential call-up authority. Has the high number of contingencies in the last few years caused a reduction in readiness in any high-deploying units? If so, please explain.

Army Answer. No. The current trend for U.S. Army Reserve (USAR) mobilizations is to use lower tiered units and personnel fillers from the Individual Ready Reserve to round out derivative units. With the exception of Civil Affairs and Psychological Operations units, Force Support Package (FSP) units seldom deploy for contingencies such as Bosnia. The purpose of this is to preserve a high state of readiness for these first-to-deploy support units.

In the case of the Army National Guard (ARNG), recently deployed units continue to maintain high rates of readiness and retention. However, the majority of ARNG units deployed in support of Army Operations such as Uphold Democracy, Restore Hope, and Joint Endeavor/ Guard, were not first-to-fight units. They were units with lower resourcing priorities. These units were selected due to their personnel strength, with equipment shortages resulting from lower resourcing priorities made up at their mobilization stations.

Navy Answer. The readiness of Naval Reserve units directly supporting contingency operations has actually increased.

Marine Corps Answer. Marine Corps Reserves units have experienced no reduction in readiness as a result of increased participation in contingency operations and providing OPTEMPO relief to the Active Component (AC). As Active Component commitments have increased, we have placed a greater demand on our Reserve Component to meet peacetime and contingency requirements as a full partner in the total Force.

While this increased participation gives reservists greater job satisfaction, the opportunity for hands-on use of equipment in a real-world scenario, and enhanced training opportunities with Active Component units, it is not without cost. Our Reserve Component is currently providing our tightly stretched active forces invaluable and historically high levels of augmentation and OPTEMPO relief. This success, coupled with our achievement in reaching our end strength goal, has resulted in our number one Reserve readiness challenge--making sure we can pay our Marine Reserve personnel to provide the level of support that our Total Force commitments now require. We have a steady Reserve end strength, increasing operational commitments, and a resulting increase in the demand for Reserve use, while the funds available in the RPMC account have declined from previous years.

In summary, we have a fully manned and well-trained Reserve force that is poised to continue providing argumentation and OPTEMP relief to our Active Component. Under current constraints, we will face challenges in prioritizing our Reserve Component's contributions to peacetime exercise and contingency support in the coming year.

Air Force Answer. No. The high OPTEMPO of Air Reserve Component participation in contingencies during recent years has not resulted in

any appreciable reduction in readiness.

TIERED RESOURCING AND RESERVE READINESS

Question. The Reserve components are playing an increasingly important role within the total force structure, with units and individuals being used in numerous contingencies in the past and currently in Bosnia where troops were mobilized under the Presidential call-up authority. Has the tiering of resources adequately funded personnel training, Operating Tempo (OPTEMPO) requirements, etc., for those units that forward deploy early in a crisis? What is the ``C'' rating of these units?

Army Answer. Tiered resourcing has adequately funded training and OPTEMPO requirements for the early deploying units. Currently, the Force Support Package (FSP) is ------. These percentages exclude C-5 units which are currently undergoing restructuring initiatives. Readiness trends within the Army National Guard (ARNG) indicate that tiering of resources in the FSP and Enhanced Separate Brigades (ESBs) has had a significant positive impact on these units. ARNG FSP units are maintaining an average C-rating of ------ while ESBs are at ------. These performances are consistent with Defense Planning Guidance.

Navy Answer. The Naval Reserve does not tier resources.

Marine Corps Answer. The 82nd Congress tasked the Marine Corps ``to be the most ready when the nation is generally least ready.'' Because of this unique role, we have structured both our Active and Reserve Components to provide a rapid response in the event of crisis. Approximately 50 percent of reporting Marine Corps Reserve units deploy within the first 30 days during the major MRC scenarios. Over 95 percent of the Marine Corps Reserve units are included in the plan. If application of tiered resourcing were applied to the Marine Corps Reserve we could not fulfill our mission.

Air Force Answer. The Air Force does not tier units. We take advantage of the leverage provided by our Guard and Reserve forces to meet the nation's demands efficiently. Currently, 91 percent of our Guard and Reserve units are ``ready.''

Question. At what percent of requirements are the later deploying units funded? At what ``C'' level are they rated? Do you feel that ``C'' level is satisfactory for those units?

Army Answer. Because of the need to maintain a balance in the overall Army budget in a period of constrained resources, we have had to accept some risk in our later deploying Reserve Component units. Within the Army Reserve, later deploying units are funded anywhere from 40 percent to 90 percent of requirements. These non-Force Support Package units are currently ------ (excluding C-5 units). We feel these units are currently underfunded due to an increased dependence on them to provide the bulk of support for military operations other than war, such as Operation Joint Guard.

Later deploying Army National Guard units are funded at less than 50 percent of their requirements. They are struggling to maintain the minimum standard for deployability. Many of these units have been mobilized to support recent Army operations and funding at higher levels could help improve their readiness levels. These non-Force Support Package units are currently ------ (excluding C-5 units.).

Navy Answer. This question is not applicable since the Naval Reserve does not tier resources.

Marine Corps Answer. Because of the unique role of the Marine Corps Reserve as outlined in previous questions, tiered resourcing will not

allow us to fulfill our mission and is not applied in our Planning, Programming and Budgeting System.

Air Force Answer. The Air Force does not tier units. We take advantage of the leverage provided by our Guard and Reserve forces to meet the nation's demands efficiently. Currently, 91 percent of our Guard and Reserve units are ``ready.'' This unique accomplishment is the result of a joint effort on the part of Congress and the Air Force to provide our Guard and Reserve forces with modern equipment, establish comparable training standards, and evaluate their capabilities the same as for the active force. In additional, both the Guard and Reserves participate with the active force in all our on-going operations as well as a significant portion of CJCS exercises.

Congressional Funding Increases and Reserve Readiness

Question. For the past number of years, this Committee has added funds for modernizing equipment of the reserve components. How important have these increases been for enhancing the readiness and quality of the Guard and Reserve?

Army Answer. The current National Guard and Reserve Equipment Appropriation (NGREA) Program has proven important in maximizing the readiness of the Reserve Component beyond the affordability limits of the Army. It has permitted them to fill key mission-required equipment readiness shortages that were unfilled due to funding constraints, which adversely affected day-to-day operations, domestic support, training, and wartime readiness. NGREA, and other Congressional add-ons, complement Service procurement in providing many units the most modern equipment available. The Army's reserve components have also successfully leveraged NGREA funds in conjunction with depot maintenance funding to extend the useful service life of much of their equipment. A recent success story of NGREA was the procurement of 24 of 32 authorized C-12R aircraft for the United States Army Reserve (USAR) theater aviation companies, which have had recent duty in Bosnia. NGREA also provided the resources to complete Heavy Equipment Transporter (HET) fielding in the USAR, the only component of the Army with all required HETs on hand. The Army National Guard (ARNG) has used NGREA funding to procure equipment required for the warfight that also supports the domestic mission, such as the M917A1 dump truck and UH-60 helicopters. Congressional add-ons have provided key resources to the ARNG for Paladin, Avenger, and the Multiple Launch Rocket System, resulting in greatly increased contributions to the warfight.

Navy Answer. Funds added by Congress have been extremely beneficial at enhancing training, readiness and mission capabilities of the Naval Reserve. NGRE funds have been used to procure aircraft, coastal warfare equipment, and upgrade existing equipment to fleet requirements. Since the Naval Reserve provides 20 percent of the force and in many cases provides 100 percent of the Navy's capability, it is imperative that the Reserve Force have modern equipment that is compatible with the active force. The additional equipment funding from your committee has been a critical source from which the Naval Reserve has been able to maintain equipment compatibility with the fleet.

Marine Corps Answer. During the past two years, the National Guard and Reserve Equipment Appropriation (NGREA) provided to the Marine Corps has been invaluable in modernizing the Marine Corps Reserve's equipment. Specifically, aged 20-year-old RH-53D's are being replaced with modern CH-53E's purchased with NGREA. This is of extreme importance since the Marine Corps requires seven (7), 16 aircraft

squadrons of CH-53E's to fight one (1) major regional contingency and the seventh squadron is located in the Reserve Component. Modernization of this seventh squadron provides the Marines Corps with a much needed war fighting capability. To date, the committee has provided enough NGREA to purchase four (4) CH-53E's. Additional warfighting assets purchased in previous years included the AH-1W Attack Helicopter and the KC-130T Transport Aircraft.

A myriad of Marine Corps Reserve ground equipment is being modernized as a direct result of NGREA. M1A1 main battle tanks and Light Armored Vehicles are having product improvements applied to them. Additional examples of ground equipment purchased with NGREA are: Intelligence Analysis Systems, Weapons Direction Units, power equipment, and simulation systems for LAV's and M1A1's. These product improvements and equipment purchases are a result of NGREA provided to the Marine Corps Reserve in fiscal year 1996 and fiscal year 1997.

The readiness of the Marine Corps Reserve is being improved as a direct result of equipment purchased through NGREA. We greatly appreciate the support of this committee.

Air Force Answer. While decreasing toplines are today's reality, modernization of the Air Force's reserve components continues to be one of the priorities of our Total Air Force. As such, added Congressional funding has been critical in enhancing the readiness and quality of the Guard and Reserve capabilities. Some notable examples include: Procuring precision guided munitions for Block 30F-16s; improving night operations by installing a compatible lighting kit on Air National Guard (ANG) F-16 and A-10 fleets and developing a similar lighting kit for installation on the ANG F-15 and C-130 fleet; designing and purchasing new Electronic Warfare and Management System providing improved cockpit management in combat for the F-16 and A-10 by centralizing control of chaff, flares, jamming pods, and reconnaissance pods; and the fielding of state-of-the-art F-16 Unit Training Devices.

Reserve Readiness Funding Shortfalls

Question. Provide for the record the details of the major personnel, Operations and Maintenance (O&M), and procurement readiness shortfalls of each of your reserve components.

Army Answer. The Army has developed a list of unfunded requirements, which has been provided to the Committee at its request. This list includes shortfalls experienced by each of our reserve components.

Our Reserve Component units are integrated with Active Component units into Force Packages and Force Support Packages. We do not provide resources by component; we resource by these packages. The major readiness shortfalls are in the lower priority packages. This is where we have chosen to take some readiness risk, in order to provide resources for our first-to-fight packages. It is increasingly difficult to speak of ``Reserve Component shortfalls.'' Rather, there are shortfalls in the Total Army, some of which primarily affect either the Army Reserve or Army National Guard.

In regard to O&M, Army Distance Learning is a high priority Total Army program. Distance Learning will leverage technology to provide long-distance training opportunities to our soldiers. This will impact all three components, but is particularly important to our Reserve Component soldiers, who may be stationed far from a training site.

Reserve Component schools and special training have shortfalls that are a high priority to fix. The current budget reflects necessary

austerity in these accounts, but we would like to do better.

In procurement, we are proceeding with a significant redesign of our Army National Guard divisions. This effort will significantly change over 100,000 positions in Army force structure to align them more closely with the warfight requirements. We will convert some combat structure into combat support and combat service support. Procurement of the needed equipment is a challenge to the Army, given our constrained procurement resourcing. In our Army Reserve, we have shortfalls for this same type of equipment, such as trucks and heavy transports.

Navy Answer. Although the requested fiscal year 1998 budget for the Naval Reserve is adequate to maintain readiness levels and PERSTEMPO and OPTEMPO support of the Active Navy at about 2 million workdays annually, additional funding, if it became available, could be used to improve readiness in the following areas:

FY 1998 NAVAL RESERVE--Category A (Replacement Aircraft)
[Dollars in millions]

Appr	Item	FY98	
1.--NGRE	Replacement Aircraft	150.0	Re a
2.--NGRE	SH60B Aircraft	140.0	Re
3.--NGRE	E-2 Group II Aircraft	300.0	Re O
	Category B (Unfunded Equipment Requirements)		
1.--NGRE	Naval Coastal Warfare	91.0	11 S
2.--NGRE	F/A-18 Mods	92.0	Pr
3.--NGRE	CESE TOA	25.0	Tr C
4.--NGRE	F-14A Mod	34.0	Pr
5.--NGRE	P03 Mods	116.0	Up K
6.--NGRE	ALQ-126B	25.0	In A
	Category C (Miscellaneous Equipment)		
1.--NGRE	Helo Upgrades	19.0	Ad S
2.--NGRE	CESE Updating	5.0	Re
3.--NGRE	P-3 CDU Upgrades Spares	10.0	Ad E
4.--NGRE	E-2 SATCOM	4.0	In 2
5.--NGRE	P-3 Color WX Radar	1.5	In R
6.--NGRE	HH-60H Trainers	8.0	Ac T
7.--NGRE	MOCC Equipment	4.4	Ac R
8.--NGRE	EA-6B USQ-113B	2.0	In J

9.--NGRE	ISAR Upgrades	12.3	Co (
10.--NGRE	C-9 Upgrades	6.0	In L
11.--NGRE	P-3 Update III Trainer	8.0	Ac C
12.--NGRE	P-3 ALR 66 Trainer Upgrades	3.0	Up

Marine Corps Answer. Following is a list of Reserve Programs for which additional funds could be executed in FY 1998.

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Initial Active Duty for Training (IADT)--$4.3 million. This funding will enable the Marine Corps Reserve to recruit and train the number of accessions necessary to maintain our authorized 42,000 end strength.

Individual Mobilization Augmentees (IMA's)--$1.2 million. CINC and Force Commanders have an increased need for pre-trained and pre-assigned personnel to fill mobilization billets on or shortly after mobilization day. This funding will provide 123 additional IMA's for fiscal year 1998.

Active Duty Special Work (ADSW)--$8.1 million. This funding will provide the Force Commanders the ability to train reservists, provide relief to the Active Pers Tempo/Ops Tempo, and maintain home training sites.

School Tours--$2.3 million. Unit relocation's and new unit creations have created challenges in the ability to recruit and retain MOS qualified personnel for these units. This school tour funding will provide the Commander of the Marine Forces Reserve the ability to train these individuals in order to maintain a fully qualified and ready SMCR Force.

Readiness Support Program (RSP)--$2.9 million. Funding the RSP will enhance Total Force readiness by ensuring the efficient processing of mobilized Reserve manpower as well as providing post mobilization support to Active and Reserve Component facilities/sites.

O&MMCR

Initial Issue--$10.5 million. This funding will enable the Marine Corps Reserve to continue the fielding of modernized equipment to the individual Marines in the Operating Forces.

M1A1 Training and Maintenance--$3.9 million. This funding will provide for component costs, organizational level maintenance repair parts, and fully funded related training for the recently acquired M1A1 tanks.

Non-BRAC Relocation's--$5.2 million. Additional funding is required for facility support and infrastructure costs associated with various unit relocation's in fiscal year 1998.

Consumables (SL-3 Components)--$1.3 million. This funding will provide for the increased general maintenance and equipment repair costs associated with the greater exercise participation and OPTEMPO relief anticipated for fiscal year 1998.

Readiness Support Program (RSP)--$2.5 million. This funding will provide for the travel and per diem, miscellaneous supplies, and computer support for the Commandant's RSP initiative.

Maintenance of Real Property--$.4 million. This funding will be used to construct a vehicle maintenance facility at Camp Williams, Utah.

PROCUREMENT

LVS MK 48 Front Power Unit--$1.6 million. This funding provides 10 MK 48 Front Power Units for the reserve Artillery Battalions and obtains 57 percent of the reserve Acquisition Objective.

LVS Rear Body Units--$1.0 million. This funding provides MK 14 Trailers with tow bar adapter kits to enable tandem towing for each reserve Artillery Battalion and obtains 49 percent of the reserve Acquisition Objective.

F/A-18A+ (ECP 560)--$32.0 million. This funding procures avionics hardware upgrades which allow the F/A 18s to process and utilize more modern versions of the aircraft's software and accessories.

Joint Deployable Intelligence Support System (Mobile)--$.1 million. This funding procures ruggedized portable workstation systems that provide secure connectivity to intelligence databases for the purposes of obtaining classified imagers and material in support of staff intelligence requirements.

Joint Deployable Intelligence Support System (Fixed)--$.3 million. This funding procures an additional terminal which will augment the existing single unit that is located at the headquarters and will serve to assist the G-2 in training and supporting the Major Subordinate Commanders with maintaining secure intelligence and communication conduits.

AN/AAS-38 FLIR--$9.7 million. This funding procures four devices to allow for parity with the active forces and improve total force mobilization readiness.

Data Automated Communications Terminal (DACT)--$6.5 million. This funding will increase battlefield awareness by enabling Marines to share a common picture of the battlespace. Increased battlefield awareness enables the operational commander to increase the lethality of his force by more effectively employing his forces.

Container Family--$30.7 million. This funding procures various containers and will result in a more effective utilization of scarce transportation resources.

CH-53E Helicopter--$68.0 million. This funding procures two aircraft.

Air Force Answer. An FY98 Unfunded Priority List was Presented by General Fogleman to Congress in March with the following Reserve Component shortfalls:

Reserves--$6.3 million for KC-135 maintenance, including two aircraft for Programmed Depot Maintenance (PDM).

Air National Guard--$7.5 million for KC-135 maintenance including three aircraft in PDM.

Funding is required to prevent grounding of aircraft and to maintain existing, high readiness levels of Reserve Component tanker units.

Military Operations Other Than War and Readiness Training

Question. Many of the contingency operations which have been supported by U.S. forces since the beginning of this decade have not involved combat. Such military Operations Other Than War (OOTW) have placed new training requirements on the U.S. Armed Forces since the rules of engagement and basic objectives of these operations differ from combat operations. Has the need to prepare your personnel for military operations other than war altered your readiness training program?

Army Answer. When considering Continental United States (CONUS)

based units as a whole, the answer is no. The vast majority of our units train to their combat Mission Essential Task Lists. The larger readiness issue is the overall impact military OOTW have on Personnel Tempo (PERSTEMPO). Retaining sufficient force structure to accomplish assigned missions, allow proper training, and provide an acceptable quality of life environment is critical to future readiness. Units selected for deployment to Bosnia-Herzegovina or surrounding locations have altered their training program. They complete training tailored to the area of employment and the assigned mission(s). This training is based on a strategy which ensures deploying forces are trained to standard and ready to accomplish their Stabilization Force (SFOR) missions. This SFOR training strategy begins with general individual and collective training tasks conducted primarily at home station for active component (AC) units and at mobilization stations for Reserve Component (RC) units and personnel; then it focuses on theater-specific individual, leader, and collective training tasks culminating in a mission rehearsal and certification Command Planning Exercise. All of these training requirements are certified by the chain of command or the organization conducting the training. Once deployed, units take advantage of every opportunity to sustain both warfighting and peace operations skills.

Navy Answer. Not significantly. Rather than radically alter the Navy's training, readiness and exercise programs, the standards to which deploying Navy forces are prepared have evolved in parallel with modern MOOTW missions. Many of the skills required of Navy forces for MOOTW missions: Humanitarian Assistance; Noncombatant Evacuation Operations; Maritime Interception Operations; Enforcement of Exclusion Zones; Control and Protection of Shipping; and Freedom of Navigations--are skills that the Navy has practiced for years. These missions involve training, capabilities and activities appropriate for naval operations across a spectrum of operations spanning from everyday presence to crisis response and, if necessary, combat.

However, operations such as those dealing with migration from Cuba, Haiti, and continued drug interdiction in Caribbean and Pacific waters have placed a strain on steaming days and flight hours that could otherwise have been used for other joint training purposes.

Marine Corps Answer. While some MOOTW specific training is conducted prior to and during deployments, this has not altered our readiness training programs. The primary training that Marines receive to ensure their readiness for deployment covers the full spectrum of conflict. This full spectrum training is directly applicable to the operational demands encountered in MOOTW. We prepare for MOOTW primarily through rigorous training in the more exacting standards required of conventional combat operations. This approach ensures that Marine units are cohesive and well disciplined to operate in any contingency/crisis environment. This training is directly applicable to the operational demands encountered in MOOTW.

However, the strategic, rapid response requirements of Marine operating forces argue against their significant long term retention ashore for MOOTW. Continued long term involvement in peacekeeping or similar operations may degrade combat effectiveness. This may occur either through insufficient training opportunities in primary combat skills for deployed units. If these unbudgeted operations lead to substantial and repeated diversion of O&M funds, training, equipment, and property maintenance for CONUS units will be impacted if supplemental funding is not provided.

Marines exist to meet the needs of the Nation; we have in the past,

are now, and will continue doing so, as long as adequate structure and resources are provided.

Air Force Answer. Operations other than war have not significantly altered our training. Our units are ready to respond to the full spectrum of taskings required by the National Strategy.

Peacekeeping Operations Rules of Engagement

Question. If not, how do you prepare your personnel for the rules of engagement in circumstances such as those encountered in Bosnia which are fundamentally different from combat?

Army Answer. The rules of engagement are theater-specific and each soldier deploying to Bosnia trains to a standard. It is certified by trainers from the 7th Army Training Center, or, if conducted at home or mobilization stations, by trainers who have been certified through a train-the-trainer program.

Navy Answer. For the few differences that do exist between MOOTW and standard Navy missions, Navy personnel are prepared to operate under the set rules of engagement through pre-deployment exercises that emphasize MOOTW, training at Command and Staff schools, and by examining the results and lessons-learned of returning forces.

Marine Corps Answer. Well trained and disciplined Marines with knowledge of standing CJCS rules of engagement (ROE) are the key to dealing with MOOTW operations and any applicable supplemental ROE. Today, Marine Air Ground Task Forces (MAGTFs) are fully prepared to function effectively in ``peacetime engagements'' to include:

1. ROE training
2. Disaster relief/humanitarian assistance
3. Friendly coalition building
4. Noncombatant emergency evacuation
5. Counterdrug programs
6. Arms control/treaty compliance
7. Military training teams
8. Civil disturbance
9. Battle staff planning for MOOTW

Our maritime nature and multi-dimensional capabilities make Marines uniquely suited for MOOTW contingencies. While deployed, many of the exercises that Marines conduct are structured around peacekeeping scenarios. For example:

--The Mediterranean MEUs routinely train with the Italian San Marco Battalion on checkpoint operations, urban patrolling, mine and booby trap awareness, and sniper/counter-sniper operations.

--The MEUs Air Naval Gunfire Liaison Detachment (ANGLICO) is specifically designed to conduct fire support operations with other nations. The MEU also deploys with an extensive language capability that encompasses the crisis regions in their area of operations.

--The ships of the Amphibious Ready Group (ARG) make extensive use of closed circuit television to present ROE classes and to keep units up to date on developments within their area of operations.

--Inclusion of specific ROEs for a particular operation is an integral part of training flexible and responsive MAGTFs.

Many of the contingency operations which have been supported by U.S. forces since the beginning of this decade have not involved combat. Such military operations other than war have placed new training requirements on the U.S. armed forces since the rules of engagement, and the basic objectives of these operations differ from combat operations.

Air Force Answer. Specific training on rules of engagement are added to the normal training requirements prior to deployment and are constantly reviewed in theater.

Military Operations Other Than War

Question. If so, what effect has this change had on the readiness of your personnel to accomplish their wartime missions?

Army Answer. In the case of the U.S. Army Reserve (USAR) Civil Affairs and Psychological Operations units, they are designed, organized, and trained for Nation Building missions, such as what is occurring in Bosnia. Other USAR combat support and combat service support type units are also performing tasks that they would normally perform in wartime, e.g., maintenance, water purification, chaplain services, personnel administration, public affairs, transportation, engineer support, medical support, military intelligence, and logistical support.

Very few Army National Guard combat arms units have been mobilized in support of recent Army operations. Those combat units mobilized (artillery radar units, fire support elements, and engineer units) were tasked to conduct their wartime missions. Other units deployed were combat support units (military police, et. al.) and, like their Army Reserve counterparts, are performing tasks they would normally perform in wartime. The training requirements for all these units have not been affected by the rules of engagement.

Navy Answer. Question is not applicable. Did not answer yes to QUESTION 25.

Marine Corps Answer. These changes have not had an impact upon the readiness of unit personnel to accomplish their wartime mission.

Air Force Answer. Participation in operations other than war has caused temporary degradations in readiness for some units after their return from deployments due to a lack of quality combat training opportunities in some theaters. We have aggressively managed our deployment and training workloads through global sourcing, the Global Military Force Policy, increased use of the Guard and Reserve, and minor force structure adjustments to minimize any impacts on readiness.

Fiscal Year 1997 Funding for Counter-Terrorism

Question. Are Department of Defense (DoD) force protection, counter-terrorism, and anti-terrorism activities adequately funded in fiscal year 1997?

Army Answer. Yes. The Army has identified over $1.2 billion in force protection-related resourcing for fiscal year 1997.

Since the Khobar Towers bombing, the Army has conducted a careful and extensive review of its force protection program with an emphasis on the antiterrorism component. The initial review was completed in time to allow for the submission of any critical force protection initiative in the fiscal year 1997 Congressional Budget Supplemental.

The Department of the Army received approval for program enhancements in the amount of $58.1 million in the fiscal year 1997 Supplemental Budget. This funding was in addition to the Army's current working estimate of over $1.0 billion programmed annually for identifiable force protection-related activities. Since the force protection mission is embedded in almost every Army activity, it is difficult to determine exact amounts programmed or expended towards the mission.

Historically, the Army has internally funded critical unprogrammed requirements that were needed as a result of an unforeseen change in the terrorist threat at any location. We have acceptable resourcing based on the current threat, and we constantly review the force protection posture against any changes in the terrorist threat. We have formed and fielded a Force Protection Assistance Team to assist commanders in the evaluation of their programs.

Navy Answer. Yes, given the current threat assessment data, Navy force protection, counterterrorism, and antiterrorism activities are adequately funded in fiscal year 1997.

The Navy has funded training initiatives to provide individual antiterrorism awareness for service members and their families deploying overseas. Physical security upgrades are being conducted at Arabian Gulf, European and other overseas sites. Physical security equipment upgrades include motion and intrusion detection systems, secure munitions storage, harbor patrol boats, light armored vehicles (LAV) armoring and security force enhancements. Physical security site improvements include upgrades to perimeter defenses such as fencing, gate guard shacks/towers and lighting. Funding for physical security forces include the supplies and equipment needed to support the Marine Corps Fleet Antiterrorism Security Team (FAST) and eight explosive detection dog teams assigned to augment Navy security forces in protecting personnel living among the local populace and aboard the Administrative Support Unit (ASU) Bahrain complex. In addition, Navy and Defense Special Weapons Agency (DSWA) force protection vulnerability assessment teams are conducting vulnerability assessments of naval installations worldwide.

Marine Corps Answer. The Marine Corps does not directly participate in ``counterterrorism'' programs as these fall under the cognizance of the Commander-in-Chief, United States Special Operations Command and other NCA organizations.

The Marine Corps does have a program for combatting terrorism which focuses on antiterrorism (passive measures designed to reduce vulnerability) and physical security enhancements (the hardening of key critical facilities).

Funding to support Marine Corps efforts for enhancing force protection, which includes both antiterrorism and physical security concerns, is programmed based upon identified and validated requirements submitted by field commands under the Concept Based Requirements System; identified deficiencies during inspections/site visits; and program direction from SECDEF/JCS/DON. Funding provided for FY97 was sufficient to meet all identified and validated requirements.

Air Force Answer. I cannot speak to the state of force protection funding for DOD but, let me respond to the status of funding within the Air Force. The additive funds provided through the fiscal year 1996 Supplemental and the fiscal year 1997 Omnibus Appropriation Act afforded us the opportunity to place additional resources on high priority force protection items that were outside our budget. Since the start of the fiscal year, we've identified $35.6 million in additive requirements which if provided will allow funding of force protection requirements to enhance site security operations.

Fiscal Year 1997 Counter-Terrorism Program Activities

Question. Describe for the Committee the activities and programs that have been funded in fiscal year 1997.

Army Answer. For fiscal year 1997:

	In Millions
Physical Security Equipment. Electronic intrusion detection systems, closed circuit television cameras, personal protective equipment (i.e. flack jackets, kevlar vests), and vehicle uparmor kits.....	$204.0
Site Improvements. Barrier material, fencing, and.....	8.0
Management and Planning. Force protection program administration and oversight and staffing of supervisory physical security specialists.....	17.0
Security Forces and Technicians. Guards, inspectors, and Military Police guards at special sites (i.e. arms, ammunition and explosives).....	550.1
Law Enforcement. Military and civilian police.....	253.4
Investigations. Background checks for security clearances, Criminal Investigation Command agents (protective service detail).....	151.6
Research, Development, Test and Evaluation. Department of the Army portion of Department of Defense testing of commercial equipment and development of non-standard items, such as off-the-shelf intrusion detection devices and experimental mobile robotic platforms. Includes security costs of the Army Testing and Evaluation Command.	19.0
Vulnerability Assessments. Local, regional, and Headquarters, Department of the Army, assistance teams and requirements validation.....	12.0
Training Courses. Army-sponsored resident and mobile-training teams for antiterrorism and terrorism awareness classes...	4.0
Fiscal Year 1997 Total.....	1,219.1

Note: Saudi relocation costs of $37.6 million are embedded in the above subtotals.

Navy Answer. Antiterrorism funds appropriated by Section 8137 and Title IX of the fiscal year 1997 Appropriations bill authorized $25.1 million for U.S. Navy and Marine Corps security upgrades. A wide range of security upgrades totaling $11,400,000 were funded at the Administrative Support Unit, Bahrain including lease of additional land, perimeter fencing, barriers and guard shacks/towers, school and shuttle vans, enhanced security forces, training and enhanced storage facilities, and facilities for security dogs. In addition, $9,500,000 was budgeted for one-time security requirements at overseas fuel depots (e.g. fencing/gates, lighting, communication equipment, manpower), and $1,900,000 was earmarked for physical security equipment for a NCIS anti-terrorism team. The remaining $2,300,000 was budgeted for assorted equipment purchases, maintenance, and facility upgrades at various CONUS/OCONUS Active/Reserve Navy and Marine Corps activities.

Marine Corps Answer. During fiscal year 1997, the Marine Corps obligated approximately $318.3 million to fund programs which supported antiterrorism, force protection and security initiatives. This funding was apportioned as follows:

O&M: $3.1 million--military working dogs (explosive capable), physical security upgrades for base facilities maintenance/salaries for security equipment design/installation.

Procurement: $5.9 million--purchase of intrusion detection systems,

purchase of automated entry control systems, purchase of assessment devices (CCTV/surveillance equipment).

MilCon: $2.1 million--construction of fencing/lighting/barriers to comply with established security standards for arms, ammunition, and explosive storage facilities; upgrade/enhancement of security force operating areas.

MilPay $307.2 million--salaries for military police, Marine Corps Security Forces, Marine Security Guards and personnel providing security at military activities worldwide.

USMC received an additional $600,000 as part of a DoD end-of-year reprogramming effort to accelerate overseas security enhancement projects.

Air Force Answer. The Air Force funded numerous on-going programs in the force protection arena including; physical security improvements, electronic sensor systems, explosive ordinance disposal equipment, and air base defense equipment and training. As a result of Congressional action on the fiscal year 1997 Omnibus Appropriations Act, the Air Force was able to put an additional $58.1 million against immediate force protection requirements.

One of our major uses of the Omnibus funding was $44.2 million put against the Tactical Automated Security System. This system will allow us to quickly install an integrated detection and assessment system at Al Jaber AB, Ali Al Salem AB, Prince Sultan AB and Eskan Village. On the 17th of March we completed the installation at Al Jaber AB and on the 18th of March we started installation at Eskan Village. It's worth noting that one of the sub-systems of the Tactical Automated Security System is a Wide Area Surveillance Thermal Imager capable of detecting a man size target at a distance of 1500 meters and a vehicle sized target at a distance of 3000 meters. Within three days of deployment to Southwest Asia, in mid February, we had these systems operational at each of the four sites noted above. The bottom line on this system is that we continue to install it and expect to be complete no later than October of 1997.

The remaining money from the fiscal year 1997 Omnibus Appropriations act is being spent as follows:

$8.7 million will be used to install Closed Circuit Television systems for bases in Southwest Asia and Europe.

$3.2 million will be used to make physical security upgrades at bases in Turkey. Upgrades include a new gate complex and upgrades to fences and barriers.

$1.2 million will be used to purchase Hand Held Thermal Imagers. A hand held version of the wide area surveillance thermal imager, these devices allow security forces to detect man size targets at ranges up to 500 meters.

$800 thousand will be used to purchase Under Vehicle Surveillance Systems. These devices will be placed at entry control points and can be used in detecting explosive devices or other contraband hidden in the under carriage of vehicles.

Fiscal Year 1998 Counter-Terrorism Funding

Question. The Committee notes that the fiscal year 1998 budget request does not continue with the accelerated funding of these activities. Have adequate funds been provided in fiscal year 1998 for force protection, counter-terrorism, and anti-terrorism?

Army Answer. Yes. The Army program remains above the $1.1 billion level for force protection. We will continue to review the program and

make necessary adjustments as the terrorist threat indicates and as our assessment teams identify and validate critical requirements.

The accelerated or enhanced funding in fiscal year 1997 was in response to an increased threat in Southwest Asia and Bosnia; if new threats appear in fiscal year 1998 or the outyears, force protection funding would be increased as appropriate, both through internal reprogramming and requests for supplemental funding.

Navy Answer. The Navy's POM-98 submission commits over $5,500,000,000 for Antiterrorism and Force Protection during the Future Years Defense Plan. To ensure that adequate resources are committed to Antiterrorism and Force Protection, the Navy will be conducting a comprehensive review of its program during the fiscal year 1999 Program Review.

Marine Corps Answer. Yes, working in support of OSD initiatives for enhancing force protection in the outyears, the Marine Corps identified antiterrorism and force protection enhancements for the budget years fiscal year 1998-2003. These enhancements reflect current identified requirements. As reflected in the fiscal year 1998 President's Budget, the Marine Corps is programmed to receive $20.73 million, most of which is earmarked for procurement beginning in FY00. Concurrently, we are working with field commanders to identify any additional requirements resulting from increased concern for terrorism and added emphasis on force protection for submission as initiatives in the future programming cycles.

Air Force Answer. Many of these were one-time requirements which do not require continuation of funding through the FYDP. Our fiscal year 1998 Budget proposal does however provide an additional $49.9 million in force protection, counter/anti-terrorism requirements. As a result of my testimony to the HNSC on 5 March 1997, we've also identified $57.6 million in requirements that could be accelerated to enhance site security world-wide. This includes funding for site improvements and deployable equipment, such as barriers, alarms, surveillance systems and explosive ordnance disposal equipment.

Question. Does the apparent reduction in funding in fiscal year 1998 (fiscal year 1998) indicate that Department of Defense has done all that it can in these programs?

Army Answer. No. The apparent decrease in funding for fiscal year 1998 is an anomaly caused by the increase in fiscal year 1997 for new requirements identified in response to the increased terrorist threat in Southwest Asia and Bosnia.

Force protection remains an integral part of the Army mission throughout the program years. Although it is difficult to capture specific costs as a part of daily business, we are confident that the basic components of the force protection program are adequately resourced in response to the threat as we know it today.

Navy Answer. Funding required to provide continuing support for these initiatives is included in the fiscal year 1998 Budget request. The apparent decline in funding in fiscal year 1998 is associated with one-time purchases being made during fiscal year 1997. The Navy and Defense Special Weapons Agency Antiterrorism force protection vulnerability assessment teams are continuing to evaluate CONUS and OCONUS force protection postures. These detailed vulnerability assessments will provide a better data baseline to evaluate and make subsequent recommendations to improve our overall force protection posture.

Marine Corps Answer. We believe that funding at this time is sufficient to meet near term requirements. However, new initiatives

generated within DOD/JCS to enhance the protection of military personnel, to provide a greater level of standardized training, and an increase in assessment programs are likely to necessitate increases to funding profiles in the future. We will continue to closely monitor emerging requirements and focus funding priority based upon the threat level identified and the funds with which we are provided to operate.

Air Force Answer. Again, I cannot speak to the state of force protection funding for DOD but, let me respond to the status of funding within the Air Force. Many of our fiscal year 1998 requirements were one time costs associated with relocating our forces in Southwest Asia. However, we continue to have other unfunded requirements in fiscal year 1998. Currently, a $57.6 million force protection requirement is the Air Force's number one unfunded priority for fiscal year 1998. As we look at the items on the list we see a broad base listing of force protection needs.

820th Security Forces Group	$2M
Delay Denial Barriers	.2M
Howard AFB	.3M
EOD Xray	1.1M
SWA/Non SWA EOD	3.5M
CCTV	15M
M16A2 Mod Kits	2M
Hardened Doors	4.M
Weapon Suppression	.5M
Lights/Alarms	1.3M
Laser Aiming Lights	1.2M
Window Protectant	.8M
Surveillance Equipment	4.8M
UVSS	.8M
Body Armor	3.3M
HHTI	1.2M
NVG	5.4M
SF Training	.5M
ECP Barriers/Lights	3M
ASSESS/JSMS	1.8M
Aircrew Protective Suits	3.1M

Chemical/Biological Defenses

Question. In the past two years the Congress has supported increased funding for the maintenance of chemical and biological defense gear and additional training for such programs. In fiscal year 1996, an additional $20 million was provided in the operation and maintenance accounts, and $12.2 million was added in fiscal year 1997. Describe your programs for chemical and biological warfare defenses.

Army Answer. As required by the National Defense Authorization Act for fiscal year 1994, the Department of Defense has implemented a process to consolidate, coordinate, and integrate the chemical and biological defense requirements of all Services into a single Department of Defense (DOD) Chemical Biological Defense Program (CBDP) with the Secretary of the Army as the executive agent. Additionally, the Services created a Joint Nuclear, Biological, and Chemical (NBC) Defense Board, co-chaired by the Vice Chief of Staff Army and Assistant Secretary of the Army for Research, Development and Acquisition (RDA) to review the funding requests for all chemical and biological (CB) defense requirements. The fiscal year 1998 CBDP Budget is based on a

joint priority list and ensures that Commander-in-Chief (CINC) high priority operational needs are being met.

Army NBC defense is driven by the threat and shaped by our warfighting strategy for the 21st Century. We have focused modernization on early warning, protection of the force, and rapid recovery to maintain operational tempo. Avoiding contamination is the primary fundamental for NBC defense. In fiscal year 1998, the Army will field a new automatic chemical agent detector and alarm (ACADA), which automatically detects nerve and mustard agents. It has a significantly lower false alarm rate than the current M8A1 system it will replace, which often triggers an alarm when coming in contact with high concentrations of vehicle exhaust and only detects nerve agent. Additionally, the Army will field the M93A1 Fox NBC reconnaissance vehicle which has been upgraded with a five kilometer range standoff chemical detector, an automatic warning and reporting data transfer capability, and an integrated global positioning system. Another item being field in fiscal year 1998 is an improved chemical agent monitor which will identify which soldiers and equipment that may have been contaminated with nerve or mustard agents. In fiscal year 1999, the Army will field an improved biological detector when it activates its second Biological Detection Company. In concern with the other Services, we are developing a joint NBC warning and reporting system which will capitalize on digitization technology and provide increased situational awareness throughout the theater of operations.

Because contamination cannot always be avoided, protecting soldiers from the effects of NBC contamination with the least possible mission degradation becomes important to maintain combat power and operational tempo. The Army goal is to completely replace the protective mask inventory and field the next generation of protective clothing as rapidly as possible. Research and development will continue on future respiratory protection systems and collective protection components with improved filtration and reduced weight and power consumption. Collectively protected medical shelters mounted on High Mobility Multipurpose Wheeled Vehicles also will be fielded to early deploying units.

The Joint Program Manager for Biological Defense, an Army brigadier general, is responsible for the central procurement of all biological defense vaccines. Funding is available to stockpile the required number of doses to implement the Department of Defense vaccination policy.

The decontamination focus is on research and development to find more effective decontaminants and methods to decrease both the manpower required and the logistical burdens associated with decontaminating equipment. In fiscal year 1999, the Army will buy a modular decontamination system for all active chemical companies which will significantly reduce water consumption during the equipment decontaminating process.

Navy Answer. With the exception of O&MN, all Navy efforts are incorporated in the Joint Chemical/Biological Defense (CBD) Program in compliance with Public Law 103-160. The Joint CBD Program encompasses all research, development and acquisition efforts for the Services. Operations and Maintenance, Navy funding for CBD is budgeted in Combat Support Forces (1C6C); Hull, Mechanical and Electrical Support (4B5N); and Specialized Skills Training. The Combat Support Forces funding procures equipment for Navy personnel at overseas activities. This funding has been realigned in FY 98 and beyond to the centralized OSD Joint Service account based on refined definitions for the Joint CBD Program. The equipment purchased includes masks, protective suits,

boots, gloves, medications, decontamination equipment and detectors.

A portion of Hull, Mechanical and Electrical (HM&E) funding provides engineering support for individual protective equipment, shipboard collective protection, and chemical/biological agent detectors. Chemical Weapons Defense Training funding in Specialized Skills has been budgeted for two courses, the Shipboard CBR-D course, conducted at Ft. McClellan and the Repair Party Leader Course, conducted at five different fleet training centers. In fiscal year 1996, the Navy received an additional $10 million for use in upgrading CBD training. This funding was used for Afloat and Ashore Units to upgrade Specialized Skills curriculum, manuals, equipment and computer-based training. A number of enhancements were also funded in the medical training community. The Navy did not share in the additional $12.2 million fiscal 1997 funding which was provided to the Army and Air Force.

Marine Corps Answer. Title XVII, Public Law 103-160, Authorization Act of 1994 consolidated chemical and biological defense programs at the OSD level. Joint NBC defense programs are sub-divided into four areas; Individual Protection, Collective Protection, Contamination Avoidance and Decontamination. The following is a list of the current NBS programs that support Marine Corps requirements:

Individual Protection:

M40 Mask Rebuild
M40A1 Mask Rebuild
M40 Mask Universal Second Skin
Mask Communications Adapter
Joint Service Lightweight Integrated Suit Technology (JSLIST)
Joint Service Lightweight Integrated Suit Technology P31 (JSLIST P3I)
Joint Service General Purpose Mask (JSGPM)
Joint Service Aircrew Mask (JSAM)
Joint Service Protection Assessment Test System (PATS)
Aircrew Protective Mask (XM45)
Aircrew Eye Respiratory Protection (AERP)
AERP Aircraft Modifications
Joint Service Protective Aircrew Chemical Ensemble (JPACE)

Collective Protection:

Advanced Integrated Collective Protection System (ACIPS)
Joint Chem/Bio Collective Protection Improvement Program (JCBCPIP)

Contamination Avoidance:

Air Base/Port ACTD
Integrated Chem/Bio ACTD
Automated Chemical Agent Detector and Alarm (ACADA)
Joint Chemical and Biological Mass Spectrometer (CBMS)
Improved Point Detection Systems (IPDS)
Improved Chemical Agent Monitor (ICAM)
Joint Biological Defense Program
Joint Biological Point Detection System (JBPDS)
Joint Biological Remote Early Warning System (JBREWS)
Joint Biological Universal Detector (JBUD)
Joint Chemical Agent Detector (JCAD)
Joint Interim Biological Agent Detector (JIBAD)
Joint Lightweight NBC Reconnaissance System (JLNBCRS)
Joint Service FOX Reconnaissance Vehicle (FOX)
Joint Service Chem/Bio Agent Water Monitor (JSCBAWM)
Joint Service Chemical Warning & Integration LIDAR Detector (JSWILD)

Joint Service Lightweight Standoff Chem Agent Detector (JSLSCAD)
Joint Warning and Reporting Network (JWARN)
Long Range Biological Standoff Detection System (LR-BIO)
Multipurpose Integrated Chemical Agent Detector (MICAD)
NBC Unmanned Ground Vehicle Sensor
Pocket RADIAC (AN/UDR-13)
Standoff RADIAC
Short Range Biological Standoff Detection System (SR-BIO)
Small Unit Biological Detector (SUBD)
Remote Sensing Chemical Agent Alarm (RSCAAL)

Decontamination:

Joint Service Fixed Site Decon (JSFXD)
Modular Decon System (MDS)
Joint Service Sensitive Equipment Decontamination (JSSED)
Lightweight Decontamination System (LDS) PIP
Lightweight Portable Decontamination System (LPDS)
Sorbent Decontamination
Family of Environmentally Safe Decontaminates

Air Force Answer. The Air Force non-medical chemical/biological passive defense program is executed at unit level

--Readiness specialists within the Civil Engineer organization conduct the bulk of the training for our members. Aircrews receive supplemental training from the Life Support function

--The capability of units to survive and operate in a contaminated environment is assessed during operational readiness inspections

With the increasing threat, we have seen the need to more fully integrate the chemical/biological program into our day-to-day business

--In January 1997, the CSAF directed the formation of an Integrated Process Team to oversee all chemical/biological efforts

--The team is led by the Deputy Chief of Staff for Installations and Logistics and includes a cross section of operations and support personnel

All services partner with OSD in acquiring chemical/biological systems

--Funds for the acquisition programs are OSD managed

--The Air Force is responsible for funding and managing sustainment requirements

The Air Force medical chemical/biological defense programs are outlined under protection, prevention and surveillance, diagnosis, operability teams, and training programs

--Protection: Chemically/Biologically hardened Air Transportable Hospital is under development. Each will provide 50 bed facility in ``shirtsleeve'' environment. Currently one is deployed to Al Kharj, another is at Langley; 26 will be fielded eventually

--Prevention: Auto injectors, antibiotics, nerve agent pre-treatments, and anthrax vaccine are stockpiled to meet mission demands

--Surveillance: We have established a pre, during, and post deployment surveillance program to assess the health and deployability of personnel. We are also testing a new unit type code (UTC) on Epidemiology in Southwest Asia. Lessons learned will be incorporated into a concept of operations

--Diagnosis: We have addressed diagnostic support by standing up a deployable laboratory and infectious disease team to aid in the early identification and casualty management

--Operability: We have developed a deployable team to monitor NBC health threats

--Training: Comprehensive chemical/biological training programs are

being developed for all medical personnel.

Question. Do you believe that DoD readiness is improving in this area? Are U.S. forces better able to defend themselves against chemical and biological threats than they were ten years ago? Better than at the time of the Gulf War?

Army Answer. Readiness is improving and forces are better able to defend themselves than during the Gulf War. Nuclear, Biological, and Chemical (NBC) modernization is essential to force protection and readiness. Army Regulation 350-41 establishes a comprehensive training program that ensures the Army can conduct effective combat operations in a contaminated environment. The Army incorporates nuclear, biological and chemical defense training into every echelon of military schooling, unit level training, and training at our Combat Training Centers.

The Army is continuing our efforts to maintain a robust NBC defense by improving fundamental capabilities in three major areas: contamination avoidance; force protection, including medical countermeasures; and decontamination. Army units which deployed to the Gulf War were well-trained and equipped to detect nerve and mustard chemical agents with an array of automatic alarms and manual chemical agent detector kits as well as the initial models of the Fox NBC Reconnaissance vehicle; however, the capability to detect biological agents automatically was a recognized deficiency. Developing and fielding a biological detection, identification and warning capability is the number one counterproliferation priority identified by the Combatant Commanders. The Army activated its first Biological Detection Company, equipped with the M31 Biological Integrated Detection System, in September 1996. Additionally, in fiscal year 1997 (FY97), the Army will add its first long range biological stand-off detection system to this same company, providing the capability to detect potential biological attacks out to a range of 30 kilometers. The Army will activate two more Biological Detection Companies, one in FY99, with an improved version of both the point and stand-off detectors, and one in FY01, with a Joint Point Biological Detector System currently being developed.

Navy Answer. Unquestionably, Navy CBD readiness has improved and our forces are better able to protect against chemical and biological threats over the past five or ten years. From the Navy's perspective, the principal improvement since the Gulf War has been the capability to provide point detection for biological warfare agents. Additionally, the Department continues to benefit from training enhancements and upgrades to CBD equipment.

Marine Corps Answer. Yes, In an evolutionary effort made in concert with Public Law 103-160 (which mandated a joint approach toward NBC defense within the Department of Defense) the Services are coordinating their efforts and resources in order to improve NBC readiness. While the DoD as a whole has made substantial progress in chemical defense readiness, our present capabilities to detect and conduct operations in a biologically contaminated area requires continued emphasis.

With the establishment of the Chemical Biological Incident Response Force (CBIRF), the Marine Corps has made substantial progress in this area. The mission of the CBIRF, a national asset, is to provide worldwide consequence management of emergency response for the mitigation of toxic chemicals and biological weapons and respond to post terrorist chemical/biological activities. CBIRF capabilities include medical, protection, detection, decontamination and communication support.

We will procure all of the mission critical equipment and part of the mission essential equipment with funding provided to us by Congress in FY 1997. It will cost approximately $15 million to complete the procurement and fielding of the remainder of the mission essential equipment. Due to timing, the Marine Corps could not include the funding in the current budget.

Our capabilities to defend against chemical threats have been substantially improved in the past ten years. While we have also made improvements to defend against biological threats, enhancements in this area have not been as significant. Specific examples of recently-fielded items in the Marine Corps include:

Contamination Avoidance: Focuses on detecting and identifying contamination before Marines are placed in danger. One example is the Remote Sensor Chemical Agent Alarm (RSCAAL), an automatic scanning, passive, infrared sensor that detects nerve and blister agents.

Individual Protection: Programs designated to prevent casualties and/or allow Marines to continue their mission in a chemical or biological environment. One example is the Saratoga Ensemble lightweight chemical and biological protective overgarment, the replacement for the old overgarment-84. Fielding of the Saratoga was completed in fiscal year 96.

The Gulf War focused attention on NBC and resulted in a much greater emphasis being placed on both the fielding of much-needed equipment and increases in training throughout the force. The recent activation of CBIRF has provided a significant national capability with we intend to enhance by leveraging current and evolving technology to counter chemical and biological threats.

Air Force Answer. Yes, the Air Force non-medical chemical/ biological defense readiness program is improving

--With the evolving threat, there is room for greater improvement. OSD is leading efforts to improve and modernize chemical/biological equipment such as detection devices and protective ensembles

--New NBC defense equipment with increased capabilities will be fielded to Air Force units starting in FY97

To improve senior leadership knowledge, we are developing a commander's guide to chemical/biological defense and an air base chemical/biological vulnerability analysis guide. Specific chemical/ biological defense procedures are being developed to better guide chemical/biological defense operations. These include:

--Air Base chemical/biological concept of operations.

--Four chemical/biological handbooks for use in the field

--Revisions to the Air Force Readiness Technician's manual

--Once these initiatives are in place, Air Force units will have a significantly improved capability to defend themselves against chemical/biological threats

For the Air Force medical chemical/biological defense program, the short answer is YES!!

--Air Force recognizes there are shortfalls in training and equipment, BUT is fully engaged with the community in developing in needed solutions MUCH BETTER THAN DESERT STORM

--Protection: Medics have a chemical/biological hardened ATH under development

Medical Force Protection: A suite of Unit Type Codes deploy for ongoing prevention and epidemiology (Prevention and Epi teams), NBC surveillance (NBC Teams), Infectious Disease and Laboratory teams. Additionally, we have stockpiled antibiotics, nerve agent prophylaxis, and vaccines against known threat agents with available countermeasures

Question. Are your programs for chemical biological defense fully funded in the fiscal year 1998 budget request? If not, what shortfalls do you foresee?

Army Answer. Adequate funding is included in both the current budget and Future Years Defense Plan to execute this effort. Today's environment of constrained resources requires the DoD to focus its modernization strategy. The Nuclear, Biological, and Chemical research, development, and acquisition strategy is to provide adequate resources to find affordable solutions which support current and future warfighting requirements. The DoD Chemical and Biological Defense program has the right focus and is providing the essential capabilities to the CINCs to fight and win on a contaminated battlefield; however, resource levels do constrain our ability to field these essential capabilities to the joint force as rapidly as we would like.

Navy Answer. The O&MN CBD program is fully funded in fiscal year 1998.

Marine Corps Answer. Title XVII, Public Law 103-160, Authorization Act of 1994 consolidated funding for all chemical and biological defense programs at the OSD level. The Joint Service Material Group (JSMG) oversees the development of the Joint NBC POM. There are currently more than 48 Joint NBC defense program, and some are not fully funded. The following NBC programs are not fully funded and are of significant interest to the Marine Corps:

--Joint Fox NBC Reconnaissance Vehicle (FOX)

--Joint Service Lightweight NBC Reconnaissance System (LNBCRS)

--Joint Service Lightweight Integrated Suit Technology

--Joint Warning And Reporting Network (JWARN)

--Chemical and Biological Incident Response Force (CBIRF)\1\

\1\ FY98 CBIRF shortfalls in Marine Corps accounts are as follows: Procurement, Marine Corps (PMC)--Operation & Maintenance, Marine Corps (O&MMC)--$15.1M; $4.5M.

--Lightweight Decontamination System (LDS) PIP (LDS PIP)

Air Force Answer. The Air Force non-medical chemical/biological defense program is reasonably funded, given overall budgetary constraints

The Air Force funds NBC sustainment program (operations and maintenance dollars)

--Funds NBC defense training and replacement equipment

--$20 million required to fund a shortfall of 48,000 aircrew protective ensembles

--Potential shortfall in groundcrew protective ensembles--pending approval of revised requirement

Public Law 103-160 consolidated all the Service's nuclear, biological and chemical (NBC) research, development and acquisition (RDA) funding into a Joint NBC POM managed by the Office of the Secretary of Defense

--The Air Force is benefiting from the Joint consolidation and streamlining effort.

For the medical chemical/biological defense program, the answer is yes. Funds are available as follows:

	FY 98 (000)
--Chemically Hardened..... Air Transportable Hospital	6,906
--Chemical/Biological.....	2,000

Warfare Pre-Treatments and Equipment
--Specialty Sets
  --Prevention..... 100
  --Epidemiology..... 100
  --NBC..... 100
  --Infectious Disease..... 100
--Training..... 1,231

Question. Describe for the committee the long term funding profile for these programs through the current Five Year Defense Program (FYDP).

Army Answer. The total DoD Chemical and Biological Defense program is (dollars in millions):

	FY96	FY97	FY98	FY99	FY00
RDT&E.....	253.5	302.6	320.8	312.6	318.4
Procurement.....	135.3	220.4	210.0	183.0	275.7
Total.....	388.8	523.0	530.9	495.6	594.1

Navy Answer. Funding profiles for the Operation and Maintenance, Navy programs discussed above are as follows ($000):

	FY 96	FY 97	FY 98	F
Combat Supp. Forces (1C6C).....	861	1,857	\1\ 2,092	\1\
HM&E (4B5N).....	461	520	533	
Shipboard CBR-D Course.....	35	35	36	
Repair Party Leader Course.....	75	77	79	

\1\ Transferred to OSD (JN0013).

Marine Corps Answer. The additional funds provided by Congress in recent years to operations and maintenance accounts for Chem/Bio matters were not provided to the Marine Corps. It is our understanding that those funds were distributed to the Army and Air Force.

The Marine Corps' Chemical/Biological Incident Response Force (CBIRF) has, however, received additional procurement funding in FY 1997 ($10M). The overall funding profile for CBIRF is as follows:

APPN	FY 96	FY 97	FY 98	FY 99	FY 00
O&MMC.....	2.0	1.4	1.8	1.9	1.9
PMC.....	0	10.0	\1\ 0	0	1.0
R&D.....	0	0	1.0	1.3	1.5

\1\ We have identified an unfunded requirement of $15.1M in FY 1998.

Air Force Answer. The tables below represent the long term funding

profiles

Non-Medical	FY 97	FY 98	FY 99	FY 00	FY 01
Sustainment and funding ($ M)	4.9	5.5	5.5	5.9	6.1
Replacement Aircrew Ensemble ($ M)	.....	.....	.....	13.0	4.0
Congressional Increase ($ M)	2.0	.....	.....	.....	.....
Total ($ M)	6.9	5.5	5.5	18.9	10.1

The Air Force used the funds Congress provided in FY 97 to improve training and sustainment programs.

--Purchased replacements for individual protective equipment.

--Funded Consolidated Mobility Bag Control Center (CMBCC).

--Funded additional chemical warfare defense training and training equipment.

Medical	FY 97	FY 98	FY 99	FY 00
CHATH ($ M)	6.9	2.7	.....	.....
BW/CW ($ M)	2.0	2.0	2.0	2.0
Decon Sets ($ M)	.....	1.1	2.1	.....
Training ($ M)	1.2	1.2	1.2	1.2
Specialty Sets ($ M)	0.4	0.4	0.4	.....
Total ($ M)	10.5	7.4	5.7	3.2

Army Operating Tempo

Question. In the fiscal year 1998 budget request, for the first time, the Army has included training rotations at the National Training Center (NTC) in the definition of operating tempo (OPTEMPO). In the past, OPTEMPO measures such as tank miles applied only to home station training. Training at the NTC was in addition to such training. The committee understands that the Army has, in effect, cut operating tempo by including National Training Center (NTC) rotations in its definition of OPTEMPO. Could you comment on the Army's decision to revise its treatment of NTC Rotations?

Army Answer. The Army is not cutting OPTEMPO. As part of the operational readiness concept, the Army is updating the training strategies for today's training realities. Inclusion of the NTC as part of a unit's training strategy is in line with today's current training doctrine. This decision also was based on standardizing resources across the Army. United States Army Europe (USAREUR) and Eighth United States Army (EUSA) in Korea are resourced for an 800 mile training strategy and in the case of USAREUR, this includes mileage executed at the Combat Maneuver Training Center (CMTC). On the other hand, Forces Command (FORSCOM) was receiving additional money (above their 800 training strategy) to fund the use of the pre-positioned fleet at the NTC. This, in effect, resulted in FORSCOM receiving additional funds not made available to the other Major Commands (MACOMs). The decision to change the resourcing for the NTC and FORSCOM was made so that all

MACOMs would be resourced equally for training. FORSCOM is developing a funding methodology based on the following principles: No impact on rotations, pay only what it costs to operate the pre-positioned fleet, and ensure units have adequate resources to conduct home station training to maintain readiness levels. Units will continue to receive full funding for training, only the cost to operate the pre-positioned fleet will be taken from the unit. Funds can be returned for canceled rotations. Units continue to receive transportation and NTC indirect costs, and control what equipment they send to NTC.

Question. Will this revision to the Army training program reduce the value of the NTC experience because units will be less well trained when they participate in an NTC rotation?

Army Answer. No. Our Combat Training Centers, as the Army's ``crown jewels'' of training, are the best places to focus on combat tasks and, therefore, their value in training our soldiers will be sustained. As we continue to define the Army of the 21st Century, and the national security environment continues to evolve, our soldiers are faced with an increasing variety of tasks, both in quantity and complexity. For example, units deploying on peacekeeping and Operations Other Than War (OOTW) missions must master a new set of skills in addition to maintaining their warfighting skills. Our Combat Training Centers--the National Training Center at Fort Irvin, California, the Joint Readiness Training Center at Fort Polk, Louisiana, and the Combat Maneuver Training Center at Hohenfels, Germany--are critical to ensure that units remain mission ready for combat and other operations.

Question. What effect do you anticipate that this change will have on Army Status of Readiness and Training (SORTS) ratings in the future?

Army Answer. U.S. Army Europe (USAREUR) and Eighth U.S. Army (EUSA) in Korea have always been resourced for an 800 tank mile-per-year training strategy. In the case of USAREUR, that included mileage executed at the Combat Maneuver Training Center (CMTC). On the other hand, Forces Command (FORSCOM) was receiving additional money above the 800 tank mile-per-year strategy to fund the use of the pre-positioned fleet at the NTC. This in effect resulted in FORSCOM receiving additional funds not made available to the other Major Commands (MACOMs). The decision to change the resourcing for the NTC and FORSCOM was made so that all MACOMs would be resourced equally for training. There is no anticipated impact of this funding change on FORSCOM unit SORTS ratings.

Question. The committee understands that the number of rotations to the National Training Center (NTC) is proposed to decrease from 12 to 10 in fiscal year (FY) 1999. Was this decision a response to fiscal constraints?

Army Answer. No. This proposal was a recommendation derived as a result of a Chief of Staff, Army (CSA), chartered Process Action Team (PAT). PAT was chartered to look at all aspects of Combat Training Center (CTC) operations. The PAT recommended that the CTC program remain the cornerstone of Army training as it forms a continuum integrating home station training with CTC training experience. One of the PAT recommendations was to conduct ten rotations per year at the NTC starting in fiscal year 1998. The number of rotations was established when we had a Cold War Army with 12 divisions and limited opportunities for heavy force deployment. The NTC was developed to build an experience base and improve combat tasks. In the post-Cold War world, having reaped the benefits of the NTC for over 16 years, we have succeeded in building a depth of combat experience via repetitive rotations. Units also get training experience through the conduct of

operational deployments, such as Intrinsic Action and Joint Endeavor. The assessment now is that ten rotations and current operational deployments are sufficient to maintain the depth and level of combat skills that we have developed. We must continue to assess this issue as we evolve to Force XXI and the Army After Next. We may find that as we reshape the Army and our doctrine changes, we may need to adjust the number of rotations at the NTC.

Question. What effect will a reduced number of rotations have on Army Readiness?

Army Answer. We do not anticipate a reduction in Army readiness if the NTC reduces its annual number of rotations. It is important to keep in mind that the Army does not use the NTC, or any of the other CTC's, to assess a unit's level of readiness. The CTC program assesses a unit's level of training and the unit's ability to meet its training objectives against its specific Mission Essential Task List (METL). A CTC rotation is just one of several tools that a commander uses to assess his level of readiness. To completely assess readiness, the Army uses the Unit Status Report (USR) governed by Army Regulation 220-1 (Army Readiness Reporting). This report looks at a variety of other factors, such as resourcing, personnel, and equipment in order to make a subjective evaluation of a unit's level of readiness.

Commandant's Warfighting Laboratory

Question. Congress provides an additional $8 million above the Operations and Maintenance, Marine Corps budget request in Fiscal Year 1997 for this initiative.

Describe for the Committee the objectives of this initiative.

Marine Corps Answer. The funds provided to the Marine Corps were applied to the first two phases of the Commandant's Warfighting Laboratory Five Year Experimentation Plan (FYEP). Phase one, the Hunter Warrior Advanced Warfighting Experiment (AWE), was conducted in California during February and March 1997. It was designed to examine the employment of dispersed forces on an extended littoral battlespace. Command and control (C2), fires and targeting, precision logistics, and enhancements to individual and unit operational capabilities were the areas of experimentation. A Special Purpose Marine Air-Ground Task Force, Experimental (SPMAGTF (X)) composed of over 1,800 Marines engaged Opposing Forces, a reinforced mechanized regiment, numbering over 4,000 personnel. The $8 million in Operation and Maintenance, Marine Corps funds were used primarily to support the actions of these two forces as well as the range automation infrastructure and support of the Commandant's Warfighting Laboratory headquarters facility.

The second phase, Urban Warrior, begins in April 1997 and will concentrate on the urban littoral environment and continue the transition of the Marine Corps to meet future requirements.

The Marine Corps is extremely grateful for your continued support of this important program.

Question. What successes have you had thus far?

Marine Corps Answer. During the Hunter Warrior Advanced Warfighting Experiment (AWE) the Special Purpose Marine Air-Ground Task Force, Experimental (SPMAGTF (X)) used an Experimental Combat Operations Center (ECOC) concept that linked multi-service units and control systems and included capabilities such as a Commander's Three Dimension (3D) Workbench that provided 3D map display units. Individual Marines employed palmtop computers to track all units and for digital calls for fire. A new concept introducing a Cellular Command Element for the

SPMAGTF (X) completely replaced the Napoleonic staff. The Cellular Command Element innovations include planning and shaping; engagement coordination; and the ``red cell'' concept. These innovations were designed to improve decision making and leverage tempo. We also experimented with the employment of drones in support of forward units to enhance their target acquisition, identification and tracking capabilities.

Data from Hunter Warrior is currently being collected and analyzed. Recommendations for follow-up actions will be forwarded upon completion of the analyses.

Question. What is the fiscal year 1998 funding posture for this initiative?

Marine Corps Answer. The fiscal year 1998 President's Budget for the Commandant's Warfighting Laboratory contains $8.7 million in Operation and Maintenance, Marine Corps and $20 million in the Marine Corps ground combat allocation of Research Development Test and Evaluation, Navy.

Marine Corps Recruit Training

Question. During fiscal year 1996, the Marine Corps introduced a new, capstone training event for new recruits known as the Crucible. The exercise, which takes 54 consecutive hours for the recruits to complete, is intended to stress the limits of the new recruits' physical and mental capabilities. Describe for the Committee the events that comprise your recruit training capstone event, and the objectives of this training.

Marine Corps Answer. The addition of a ``Crucible'' event has provided the culmination of the entire recruit training experience. As a ``rite of passage'' the Crucible is a 54-hour field training evolution highlighted by food and sleep deprivation, physical and mental challenges, and a rigorous optempo that continually challenges recruits while emphasizing core values and the importance of teamwork in overcoming adversity. The Crucible is the last ``tough'' week of recruit training and designed to be the crystallizing experience during which everything that the recruit has learned in his previous weeks of boot camp are drawn together and brought sharply into focus.

The event begins with a 0300 night movement that sets the stage for the next 54 hours in which the recruits will receive a total of 8 hours sleep in two four-hour periods. It is comprised of six Core Events, eleven Warrior Stations, and Night Movement exercises. Warrior Stations (built around an obstacle course concept) augment the Crucible's core events, providing a critical element in the reinforcement of core values and the linking of our Marine heroes of the past with the challenges facing recruits during their training and future service in the Corps. These stations present the recruit teams with a variety of physical and mental challenges and are designed to stress the team vice individual action. The Crucible core events are as follows:

(1) The Day Movement Resupply event requires recruits to conduct a resupply mission of water, food, and ammunition through the Day Movement Course.

(2) Reaction Course Problems Require recruit teams to negotiate a series of obstacle challenges designed to test the team vice the individual in accomplishing a particular mission. The Reaction Course problems augment and maintain the training tempo and provide a sense of the friction, frustration, and fog inherent to combat.

(3) The Casualty Evacuation event requires the recruit team to

carry a team member or an awkward load on a litter for one mile over varying terrain.

(4) The Enhanced Confidence Course augmented by Reaction Course problems, that requires recruit teams to complete a specified mission while negotiating a physical obstacle that entails retrieving a wounded team member or moving equipment across varying terrain and/or obstacles.

(5) The Combat Assault Resupply event tasks recruit teams to negotiate the Combat Assault Course with a food, ammunition, and water resupply load.

(6) Unknown Distance Firing challenges recruit teams to conduct combat field firing from obstacles at an unknown distance in a time limit of 70 seconds. This event strengthens the bond between Marines and their weapons. Unknown distance firing is conducted within the realm of fatigue and stress and is further augmented with challenges from Reaction Course problems and Team Pugil Sticks. The Pugil Stick engagements involve ``two-on-two'' fights that stress not only physical endurance, but the critical aspect of working and fighting as a team. Coupled with increasing stress and fatigue, these bouts provide poignant reinforcement of the importance of teamwork and endurance in a simulated combat environment.

The culmination of the Crucible involves a night march followed by a Morning Colors ceremony, a Marine Corps Emblem ceremony in which Drill Instructors award the Marine Corps emblem to their recruits. Further, a ``Warrior Breakfast'' and the viewing of a CMC-narrated ``Crucible'' video enabling the Commandant to reinforce the significance of this event and more importantly, address each recruit by the title ``Marine'' for the first time.

The intent and objectives of the Crucible are to build strength of character, teamwork, and a sense of self-sacrifice. Constant reinforcement of the values of courage (both physical and mental), honor, and commitment are the hallmarks of the Crucible exercise and are the foundation of values that will accompany these new Marines throughout their career--be it 3 or 30 years.

Question. How has this training event improved the skills of your personnel and the readiness of the Marine Corps?

Marine Corps Answer. The changes to recruit training, coupled with the addition of the ``Crucible'' has improved the process of making Marines and resulted in a tougher and more challenging training environment. Although we have conducted relatively few iterations of the Crucible, we have seen that the young Marines arriving at their follow-on schools and in the operating forces have a greater focus on expected standards of professional conduct, a better understanding of permissible behavior, and a stronger foundation of institutional values and standards. In the long term, we believe the investment being made in recruit training will result in an increased readiness posture in our operating forces.

Question. What effect has the introduction of this event had on the length of basic training?

Marine Corps Answer. On 1 October 1996, recruit training was increased from an eleven to a twelve week regimen for both male and female recruits providing more time for the Drill Instructors to teach, mold, and guide their recruits. These changes encompass a dramatic enhancement to core values with over 50 hours of instruction, discussion plus the addition of the 54-hour ``Crucible'' event.

Question. Has the cost of basic training increased?

Marine Corps Answer. Yes, the cost has increased by $450 thousand.

The increased requirement has been supported through internal realignments from other Marine Corps programs for fiscal year 1997 as well as the outyears.

Personnel Tempo

Question. The increase of unscheduled deployments in the past few years for domestic disasters, contingency operations, or Operations Other Than War clearly stresses military personnel and their families.

Gentlemen, what is the average time soldiers are on Temporary Duty, deployed, or are away from home for training and exercises?

Army Answer. During fiscal year 1996, soldiers who deployed on temporary duty, operational deployments, and training exercises (non-local) were away from their home stations for an average of 197 days. Some units and soldiers, by virtue of their missions and particular skills, are deployed more frequently than others. In addition, the average combat arms soldier who was not deployed on a contingency operation spent approximately 140 to 170 days in combat training away from home overnight (local and Combat Training Center) to maintain readiness.

Navy Answer. Time away from home for our sailors is managed through the Navy's Personnel Tempo of Operations (PERSTEMPO) program. The program consists of three established guidelines:

a maximum deployment of six months (portal to portal)

a minimum Turn Around Ratio (TAR) of 2.0:1 between deployments (the ratio between the number of months a unit spends between deployments and the length of the last deployment, e.g., a nominal 12 months non-deployed following a 6-month deployment. The turnaround ratios for all elements of Naval forces have been well above this 2:1 figure, given the funded levels of non-deployed OPTEMPO, and the requirement to maintain PERSTEMPO at or above 50 percent.)

a minimum of 50 percent time a unit spends in homeport over a five-year period (three years back/two years forward)

The Navy sets 50 percent time in homeport as the goal for our units. However, these units periodically make cyclical forward deployments for up to six months. During the preparation and deployment period, they are not able to achieve the desired goal of 50 percent time at home. Units which have recently completed a deployment typically spend a greater percentage of their time at home, which balances the time spent away during deployment, and allows them to meet the 50 percent goal over the three-year historical period. Because the average assignment for our sailors is three of five years, all who complete their entire tours should receive the benefits of the program.

Marine Corps Answer. The Marine Corps tracks DEPTEMPO and uses the deployment of an infantry battalion for 10 days or more away from home base as the bellwether. The infantry battalion fiscal year 1996 DEPTEMPO was 34 percent. DEPTEMPO surged to 43 percent during a peak period for operations and training in fiscal year 1996. If infantry line companies are used to track the average fiscal year 1996 DEPTEMPO, the new figure would increase to 44 percent. Marine fixed wing aviation DEPTEMPO ranged from 38 to 58 percent. Rotary wing DEPTEMPO ranged from 38 to 41 percent.

Air Force Answer. Air Force desired maximum Personnel Tempo (PERSTEMPO) rate is 120 days TDY per individual, per year. The average number of Air Force members deployed at any given time in fiscal year 1996 was 13,700. Less than 3 percent of Air Force people exceeded the desired maximum 120 TDY days. Air Force people averaged 44 days TDY

away from home in fiscal year 1996.

Question. Explain how your Service manages Personnel Tempo so it does not have an adverse impact on individual unit readiness and training of your people.

Army Answer. Army Personnel Tempo (PERSTEMPO) is defined as Skill Tempo (SKILTEMPO) (number of days an individual soldier is away from home station) and Deployment Tempo (DEPTEMPO) (number of days a unit is away from home station). Currently, the Army does not track and does not have an established standard for PERSTEMPO. The Army Staff has determined that the current PERSTEMPO is running approximately 140-170 days depending the unit type, mission and location. We are investigating options for reducing PERSTEMPO.

The Army has taken several steps to ensure quality of life and soldier morale, therefore, indirectly, readiness is not adversely impacted by excessive PERSTEMPO. In the area of SKILTEMPO, the Army currently records every day that a soldier is engaged in contingency operations, major exercises, and domestic support missions. The Army has instituted an Assignment Restriction policy to assist soldiers when they return from extended Temporary Duty Assignment (TDY--individual extended deployments) or Temporary Change of Stations (TCS--unit extended deployments). This policy directs that when a soldier has been deployed for 61-139 days, upon return he cannot be permanently moved, for at least four months; if a soldier has been deployed for 140 or more days, he cannot be moved on an unaccompanied short tour outside of the continental United States (OCONUS) for at least 12 months, or an accompanied long tour (CONUS or OCONUS) for at least six months.

In the area of DEPTEMPO, the Army continues to spread deployments across the force. Some units or soldiers with particular specialties, by virtue of their mission or skill, must deploy more frequently than others. However, surveys indicate that neither morale nor retention have been adversely impacted by PERSTEMPO.

Navy Answer. The Navy PERSTEMPO program (the three goals of which are previously explained), is the primary means by which the Navy manages the time our sailors spend away from home. As stated in the establishing directive, ``The program and its goals are the culmination of a deliberate process to balance support of national objectives, with reasonable operating conditions for our naval personnel, while maintaining the professionalism associated with going to sea with a reasonable home life.'' The Chief of Naval Operations personally approves all exceptions to PERSTEMPO guidelines. This program has been carefully crafted to ensure a careful balance between the needs of the Navy to maintain training and unit readiness, and the needs of the individual sailor to enjoy a fulfilling family life. We have carefully studied the amount of training and preparation needed to maintain readiness and proficiency, and the time necessary falls well within the boundaries of the PERSTEMPO program goals, ensuring no adverse impact to either readiness or personnel.

Marine Corps Answer. The Marine Corps does not track PERSTEMPO. DEPTEMPO is used to track the time a unit (and its Marines) spends away from home base or station. DEPTEMPO is defined as,

``The percentage of time in a given annual period that a unit, or element of a unit, supports operations or training away from its home base or station for a period of 10 consecutive days or greater.''

The MARFOR commanders monitor and manage their units DEPTEMPO with QOL concerns at the forefront. The Marine Corps, through the MARFOR commanders, has successfully reduced active unit DEPTEMPO through the creative use of reserve forces in exercises and operations (Battle

Griffin-96/Norway, Operations Sea Signal/Able Vigil--migrant ops) as well as the use of active units in non-traditional roles (artillery units as provisional rifle companies/battalions).

Most OOTW deployments supported by the Marine Corps since the beginning of the decade have not involved combat, but the new training requirements associated with these OOTW deployments have not reduced the readiness of personnel to accomplish wartime missions. While some OOTW specific training is conducted prior to and during deployments, this has not altered our readiness training programs. The primary training that Marines receive to ensure their readiness for deployment covers the full spectrum of conflict. This full spectrum training is directly applicable to the operational demands encountered in OOTW.

The Marine Corps is able, and will continue to maintain and sustain superior unit readiness in the face of high DEPTEMPO through our time-tested and effective rotational deployment scheme. This deployment scheme means that a minimum of two-thirds of the force are at the higher state of readiness, with the remaining third able to quickly adopt a full readiness posture, if needed.

Air Force Answer. Careful management of deployment requirements against our available resources has helped control our Personnel Tempo (PERSTEMPO). We have used three main methods to reduce the impact of PERSTEMPO. First, we have used global sourcing conferences which have helped transfer the load from one theater to another. Second, we have had great volunteer contributions from our Reserve Components, e.g. 17.8 percent of the 14,000 Air Force people deployed today are from the RC. Third, we have challenged and reduced taskings to provide relief to stressed systems, e.g. reduced taskings on AWACS, ABCCC, Rivet Joint, and U-2s allowed them to recapture lost training and provide more mission-ready crews.

Personnel Tempo--Stressed Skills

Question. The Committee remembers a few years ago when units or mission skills were being continually stressed with back-to-back deployments or for contingency operations. Are we still experiencing these problems in units, mission areas, or particular skills? If so, describe which areas.

Army Answer. We are no longer experiencing those problems. The Army units to which you refer were the Patriot Battalions. Their situation has been corrected by consolidation of units at Fort Bliss, thereby facilitating overseas rotation requirements, and by incorporating the Patriot Battalions in the Office of the Secretary of Defense (OSD) managed Global Military Force Policy (GMFP) program. This program assesses for decision makers the impact of unit deployments beyond established guidelines. We continue to monitor individual Military Occupational Specialties (MOSs) with the highest Skill Tempo (SKILTEMPO) and have identified Army Low Density/High Demand (LD/HD) units, but as mentioned earlier, we are not experiencing problems in any of these areas or units.

Navy Answer. Navy units have not been subject to back-to-back deployments, and we are not expeiencing problems in unit, mission areas or particular skills. Though some low density, high demand units, such as Reef Point and EA-6B units, are employed more often than others, they are covered by, and comply with, our PERSTEMPO program. Navy minimizes the PERSTEMPO of identified Low-Density. High-Demand assets through the use of rotational crews and rotation of units with similar Joint assets.

As previously noted, this program carefully tracks all units' PERSTEMPO and specifically prevents units from exceeding six-month deployments or deploying again inside the 2.0 to 1 Turn-Around-Ratio. The Chief of Naval Operations personally approves any exception to either of these rules, with the number of exceptions required declining since Operations Desert Shield/Desert Storm. Additionally, the Chief of Naval Operations receives a quarterly report of the units that do not meet guidelines and that specifies the date when the unit will return to compliance. Because of the visibility of the PRESTEMPO program, the Navy is well aware of any trouble areas, and quickly moves to alleviate any problems. We have a number of initiatives underway, including:

Utilization of Naval Reserve Forces to fullfill requirements.

Working in concert with Allied forces to meet international commitments.

Fleet reorganization, including the establishment of the Western Hemisphere Group.

Reorganization of carrier battle groups and cruiser-destroyers squadrons and readjustment of training and maintenance schedules.

Practical application of Navy assets to reduce the number of ships required to complete taskings in man instances.

These initiatives are already having a positive impact on our personnel, and we expect that trend to continue.

Marine Corps Answer. The Marine Corps does not measure PERSTEMPO at the individual or military occupational specialty (MOS) level. We do track the Deployment TEMPO (DEPTEMPO) of our operating forces. DEPTEMPO for some units will peak as contingency operations flare-up around the globe, but by an aggressive use of reserves and units in non-standard roles (e.g., artillery as provisional rifle companies), we are able to keep our DEMPTEMPO at an acceptable level to accomplishment both our training and operational commitment worldwide.

Back-to-back deployment only occur when real world contingency operations erupt and Marine forces are the most viable option for the contingency. The last such event occurred in 1994 when the 24th MEU (SOC) returned from deployment in June and redeployed for operations in Haiti from 7 July until 5 August in support of Operation Support Democracy.

Air Force Answer. Air Force does not, as a practice, deploy our people back-to-back. Less than 3% of Air Force people exceeded the desired maximum 120 temporary duty travel (TDY) days during fiscal year 1996. The Air Force defines a high demand weapon system/career field as one that exceeds 120 days TDY in a twelve month period. Four weapons systems and one career field exceeded this threshold in fiscal year 1996: RC-135J (151 days), U-2 (149 days), HC-130 (144 days), A/OA-10 (133 days) and Combat Control Teams (160 days). The Air Force has taken a number of steps to avoid any degration in readiness or adverse impacts on our people that could be caused by long periods of high PERSTEMPO/OPTEMPO. Global sourcing allows the AF to spread the deployment burden throughout the entire force. Increased use of the Reserve Components has enabled the AF to ease active force taskings. We sought relief from tasking for some limited assetes, i.e., U-2s in fiscal year 1996; A/OA-10 participation in CJCS exercises in fiscal year 1997; Air Force Special Operations Command limits exercises for its low density/high demand assets.

Question. Explain the personnel policies that are in place for your Service which minimizes redeploying an individual or a unit.

Army Answer. The Army minimizes redeploying an individual or a unit by:

--Rotating units through contingency operations.

--Selectively using Reserve Component forces to augment operational mission tasking.

--Globally resourcing operational deployments.

--Employing contract civilians.

--Stabilizing deployed soldiers.

Navy Answer. As discussed earlier, one of the three basic rules of the Navy PERSTEMPO program is the 2.0 to 1 Turn-Around-Ratio (TAR). This rule ensures that a unit returning from deployment may not deploy again until twice the length of its previous deployment has passed. For example, a unit that deploys for 5 months may not deploy again for 10 months. Any exception to this guideline must be personally approved by the Chief of Naval Operations. CNO's policy states . . . ``if the schedulers find themselves between a rock and a hard place in trying to balance OPTEMPO/PERSTEMPO guidance against commitment requirements, they should know that OPTEMPO/PERSTEMPO is the last rock that should move.''

Because of the way Navy units train and deploy, our PERSTEMPO Program covers units vice individual sailors. However, the Navy holds each Commanding Officer responsible to ensure that the spirit and intent of the program applies to individual sailors under his or her command.

Marine Corps Answer. We are able to maintain and sustain high readiness in the face of high DEPTEMPO through our time-tested rotational deployment schedules. This rotational deployment scheme means that a minimum of two-thirds of the force will be maintained at the highest state of readiness, with the remaining third able to quickly adopt a full readiness posture, when needed.

Air Force Answer. As a practice, we do not deploy people or units back-to-back. We are currently in the process of consolidating and codifying all of our temporary duty travel and permanent change of station policies related to OPTEMPO/PERSTEMPO. AF members who are sent on a short/remove, unaccompanied tour are given a Short Tour Return Date (STRD) and will not be sent again until all others in that skill have gone and their STRD climbs back to the top of the list. We use Total Force scheduling conferences to distribute unit taskings/ rotations. Our individual rotation fair-sharing process allows unit commanders to tap the most appropriate individuals to avoid back-to-back taskings.

Depot Maintenance

Question. All the Services fund less than 100 percent of depot maintenance requirements as a matter of policy regardless of specific fiscal constraints. Generally, the Services establish goals for depot maintenance of about 90-95 percent of requirements. In some cases, the 1998 budget request funds considerably less than the Services' goals. For example, Army budget in fiscal year 1998 funds only 58 percent of depot maintenance requirements.

There are also specific unfunded depot maintenance workloads. The Air Force has identified a shortfall of over $50 million because of cost growth in C-135 airframe work. The Navy ship depot maintenance

shortfall is $127 million, and the unfunded deferred Navy aviation maintenance workload totals almost $330 million. Why do each of the Services, as a matter of policy, choose to fund less than 100 percent of depot maintenance program requirements?

Army Answer. The Army has funded depot maintenance at less than the requirements level over the past several years. However, this has not been driven by Army policy. The decision has been driven by overall Army funding levels, having to support contingency operations without adequate funding, and the need to balance its depot maintenance program with other priority Army programs. While the Army considers depot maintenance to be a high priority program, the Army's Total Obligation Authority is not sufficient to fully fund all Army requirements. The depot maintenance program is adequate to support the warfight with acceptable risk to near-term readiness and is balanced with other Army programs.

Navy Answer. Ship: Navy's ship depot maintenance program is budgeted at a level that will support critical readiness requirements and allow us to obtain maximum utility from our organic depot maintenance facilities (Naval Shipyards). We have taken into account resourcing of all our readiness programs (material, training, personnel, etc.) to achieve the best possible balance of resources to achieve maximum readiness at the minimum cost. Navy relies on two critical maintenance policies to ensure the continued safe and efficient material condition of our ships: Reliability-Centered Maintenance (RCM) and Condition-Based Maintenance (CBM). We require that maintenance plans for new acquisition ships, systems and equipment be based on RCM principles in order to achieve readiness objectives in the most cost-effective manner. In addition, we require that maintenance plans for in-service platforms be reviewed and modified to incorporate RCM principles in areas where it can be determined that expected results will be commensurate with associated costs. Finally, CBM diagnostics, inspections and tests are utilized to the maximum extent practicable to determine performance and material condition for ships, systems and equipment.

These maintenance policies allow the ship depot maintenance program to execute at a funding level less than predicted by the requirement model to allow balancing of critical readiness goals with other priorities.

Aircraft: Annual Naval aviation depot maintenance requirements are projected using the computerized Depot Requirements Document (DRD) Model. Naval tactical aircraft have a prescribed Operational Service Period at the end of which, and annually thereafter, their material condition is inspected to see if depot maintenance is required. An aircraft that fails inspection must be inducted into the depot within 90 days. The DRD model has historically predicted material condition inspection failures with a near term accuracy of -8 percent to +10 percent, depending on aircraft type and operational employment.

Marine Corps Answer. The Marine Corps does not have a policy that addresses funding less than 100 percent of depot maintenance program requirements. The funding level is determined by the amount of limited O&MMC, competition with other high priority programs within O&MMC, and a risk analysis of the level of unfunded requirements the Marine Corps could hold without negatively impacting the equipment readiness of the Marine Forces.

Air Force Answer. In order to balance the overall Air Force program within the funding made available, we must take acceptable risks in many areas including depot maintenance. The Air Force has many valid

unfunded requirements but there is simply not enough money to fully satisfy them all. Additionally, the dynamic nature of the force structure, flying hour program and operational activities cause some variance in the actual workload compared to projected workload. To achieve a balance between other Air Force funding priorities and readiness requirements and to maximize the use of limited funding, depot maintenance is generally funded between 80% to 90%. During the year of execution, we address as many remaining shortfalls as possible internally. Within a fiscally constrained environment, workload that has the highest mission impact is given funding priority, while workload that can be delayed with minimum mission impact is deferred. The 3800 hour per programmed depot maintenance (PDM) increase in the C-135, primarily for extensive corrosion work, created a significant near term funding shortfall after the fiscal year 98 budget was submitted. If not rectified, this shortfall will cause significantly fewer PDMs to be accomplished each year than is necessary to maintain the required C-135 PDM interval and result in a growing bow wave of backlogged overhauls.

Question. What risks to readiness are posed by the apparent reduction in the depot maintenance program in fiscal year 1998?

Army Answer. The funding levels allow potential long-term readiness-related depot maintenance backlogs to grow and slow redistribution and modernization efforts. The program is adequate to support the warfight with acceptable risk to near-term readiness and balanced with other Army programs.

Navy Answer. Ship: In fact, the Navy ship depot maintenance budget request for FY 1998 is higher than the current estimate for FY 1997 as shown by the table below:

	Fiscal year 1996	Fiscal year 1997
Ship Depot maintenance.....	$2,048.3	$1,866.1

In addition, the budget includes $1,707.8 million of funding in the Shipbuilding and Conversion, Navy account in fiscal year 1998 for the USS NIMITZ (CVN-68) refueling complex overhaul.

Aircraft: The level of risk associated with increased airframe and engine backlog is still under review. Aircraft that are grounded awaiting depot funding can not be used by our Squadron Commanders in support of assigned missions. The larger the backlog, the higher the readiness risk. Increased depot efficiency and improvements resulting in reduced depot maintenance cycle times and cost will help reduce the long term risk. Additionally, NAVAIR has embarked on a program to transition eleven T/M/S aircraft to a Reliability Centered Maintenance (RCM), fixed interval, Phased Depot Maintenance (PDM) program over the next several years. PDM is expected to reduce aircraft out of service time to the fleet, effectively increasing overall operational readiness.

Marine Corps Answer. The apparent reduction from fiscal year 1997 to fiscal year 1998 in the depot maintenance program is not expected to have a significant adverse impact on Marine Corps ground equipment readiness.

Air Force Answer. The Air Force believes that the current backlog

level is manageable with acceptable impact to readiness with the exception of the C-135 Programmed Depot Maintenance (PDM) program. The Air force normally mitigates risk of reduced depot maintenance funding by prioritizing areas with greatest mission impact such as aircraft, engines and missiles. In fiscal year 1998 the backlog in areas other than aircraft is minimal and represents work that can be deferred with slight impact to readiness allowing us to balance our Operation and Maintenance program. However, without additional funding for the C-135 PDM program in fiscal year 1998, 16 aircraft PDMs will be deferred or grounded and start a bow wave of backlogged PDMs. In either case aircraft availability levels will be impacted due to increased numbers of aircraft at the depot for PDMs.

Depot Maintenance Backlogs and Underfunded Workloads

Question. Provide the estimated increase in the backlog of depot maintenance.

Army Answer. The depot maintenance backlog in fiscal year 1997 is $401 million. The backlog in fiscal year 1998 is $455 million. The $455 million unfunded requirement in fiscal year 1998 does not represent an accumulation of prior year backlog. The depot maintenance backlog is not cumulative. From year to year, it is a stand alone requirement.

Navy Answer. Ship: The current budget shows no increase in overhaul backlog levels between fiscal year 1997 and fiscal year 1998. Aircraft: The backlog and associated funding follows:

	Fiscal year 97	Fiscal year 98
APPROPRIATION: O&M, N 1A5A		
AIRFRAMES		
Backlog	172	172
Funding ($Ms)	230.1	234.8
ENGINES		
Backlog	500	500
Funding ($Ms)	88.2	87.9
APPROPRIATION: O&M, NR 1A5A		
AIRFRAMES		
Backlog	9	44
Funding ($Ms)	12.7	55.8
ENGINES		
Backlog	113	177
Funding ($Ms)	24.8	43.6

Marine Corps Answer. The Marine Corps backlog of depot maintenance decreases from $117 million in fiscal year 1997 to $50 million in fiscal year 1998.

Air Force Answer. The depot maintenance backlog for the total AF grows by $31.8 million from fiscal year 1997 to fiscal year 1998. The active Air Force fiscal year 1997 backlog is $251.4 million and the fiscal year 1998 backlog is $254.9 million ($3.5 million delta). The

Air Force Reserve fiscal year 1997 backlog is $36.5 million and the fiscal year 1998 backlog is $54.1 million ($17.6 million delta). The Air National Guard fiscal year 1997 backlog is $33.8 million and the fiscal year 1998 backlog is $44.5 million ($10.7 million delta).

Question. Please provide your estimate of the amount of backlog that could be completed with additional funding in fiscal year 1998.

Army Answer. The Army does not identify requirements that are not executable for reasons other than lack of funding. Any of the backlog in fiscal year 1998 can be completed with additional funding.

Navy Answer. Ship: There is no ship overhaul backlog projected in the budget. The budget will satisfy approximately 88% of requirements for active forces ship depot maintenance in fiscal year 1998, compared to 94% in fiscal year 1997 and 91% in fiscal year 1999.

There are currently 42 unfunded depot availabilities scheduled for fiscal year 1998 (22 for CINCLANTFLT and 20 for CINCPACFLT). All of the unfunded depot availabilities are for conventionally powered surface ships.

$125 million would restore the account to the 94% of requirements normally requested and would fund between 10 and 28 of these availabilities. Aircraft: Approximately 142 additional airframes (98 Active/44 Reserve) and 286 additional engines (149 Active/137 Reserve) could be completed within existing capacity in fiscal year 1998 if funding ($199.0 million) were provided. This workload would be accomplished in-house organic, interservice and commercial depots.

Marine Corps Answer. We could apply additional funding in the amount of $25 million. Application of this additional funding in fiscal year 1998 will have a dollar to dollar effect on amount of backlog. Funding will be applied to the maintenance of Automotive, Communications/Electronic, and Engineering weapon systems that currently have a readiness level of less than 85 percent.

Air Force Answer. To remain within the OSD carryover constraint for fiscal year 1998, an additional $75.9 million funding could be executed.

Question. Please list specific unfunded or underfunded depot maintenance workload in fiscal year 1998.

Army Answer. In fiscal year 1998, the depot maintenance program is unfunded or underfunded by $455 million. The shortfalls existing in commodities are: Aircraft--$67 million, Combat Vehicles--$89 million, Missiles--$105 million, Software--$52 million, Communications-Electronics--$49 million, and miscellaneous (Small Arms, Watercraft, General Equipment, Automotive, Construction, Rail)--$93 million.

Navy Answer. Ship: Current funding target for Ship Depot Maintenance is 94% of requirements; however, the President's Budget Request for fiscal year 1998 funds 88% of requirements. All funding shortfalls are lodged against private sector ship depot maintenance availabilities. An additional $125 million in fiscal year 1998 funding would bring the level of funded requirements to the target of 94%. There are currently 42 unfunded depot availabilities scheduled for fiscal year 1998 (22 for CINCLANTFLT and 20 for CINCPACFLT). All of the unfunded depot availabilities are for conventionally-powered surface ships. The determination of which unfunded availabilities would become funded is made by the Fleet CINCs based on individual ships' material condition. Aircraft: The unfunded fiscal year 98 depot requirement is as follows:

APPROPRIATION: O&M,N 1A5A Fiscal year 98

AIRFRAMES

Backlog..... 172

Funding ($Ms)	234.8
ENGINES	
Backlog	500
Funding ($Ms)	87.9

APPROPRIATION: O&M,NR 1A5A	Fiscal year 98
AIRFRAMES	
Backlog	44
Funding ($Ms)	55.8
ENGINES	
Backlog	177
Funding ($Ms)	43.6

Marine Corps Answer. The effects of not fully funding the Marine Corps depot maintenance program may be felt in the current readiness level of ground equipment. The following list is those pieces of equipment with readiness levels of less than 85 percent.

Nomenclature	Current readiness level (percent)
LVS MK-48	79.9
LVS MK-14	77.7
LVS MK-15	78.3
LVS MK-17	72.8
HMMWV Ambulance	56.3
Trk, 5-Ton Cargo	78.1
Trk, P19 Fire	62.6
Trk, 5-Ton	67.6
Trk, 5-Ton Dump	80.8
Trk, 5-Ton Wrecker	82.1
Radio Set AN/MRC-138A	75.2
Central Office Phone	70.3
Switchboard Telephone	82.0
Crane, Wheeled	78.0
Scraper, Earth Mover	64.5
Tractor, D7G	72.6
Tractor, See	66.6
Trk, Forklift, 4000 lbs	67.1

Air Force Answer. The total unfunded depot maintenance workload for fiscal year 98 is $353.5 million. The backlog by component and commodity is as follows:

Active AF: Aircraft maintenance: $111.7 million (C-135, F-15, F-16, H-53, C-141, B-1, B-2); Engines maintenance: $4.5 million (T-56, F108, TF-39, T400); Missile maintenance: $12.2 million; Software maintenance: $79.6 million; OMEI: $18.0 million; Exchangeables: $22.0 million; ABM: $5.7 million; Storage: $1.2 million; AF subtotal: $254.9 million.

AFRES: Aircraft maintenance $31.3 million (C-135); Engine maintenance: $22.2 million (TF-39, T-56); OMEI: $.1 million; ABM: $.5 million; AFRES subtotal: $54.1 million.

ANG: Aircraft maintenance: $34.6 million (C-135); Engine maintenance: $6.6 million (TF-39, T-56, TF-33); OMEI: $3.1 million; ABM: $.2 million; ANG subtotal: $44.5 million.

Real Property Maintenance (RPM)

Question. The Committee notes that the amount of funding for Real Property Maintenance (RPM) declines and the backlog of such work

increases in fiscal year 1998. What risks does this pose for quality of life? For readiness?

Army Answer. The Army gets approximately 24 percent of the Department of Defense Total Obligation Authority (TOA). We try to do the best we can to keep the overall Army program balanced in terms of the readiness of the force, the quality of life of our people, and the modernization of the force. Within this fiscal constraint, we have accepted some risk in the readiness of our installations. Nonetheless, we recognize that facilities are an integral part of our quality of life and overall readiness. We must maintain a balance in the funding of our facilities that supports our families and our units. If this balance is not maintained, facilities will suffer deterioration, adversely affecting retention of personnel, overall readiness of the Army, and the quality of life we provide our soldiers and their families. At a reduced level of funding, commanders will have to make hard choices such as: close facilities; allow soldiers housed in barracks to reside on the economy, which will increase the cost in our Military Pay Appropriation account; or continue to defer required maintenance and repair projects.

Navy Answer. Affordability and other budget priorities have prevented the Navy from sustaining a higher level of funding for Real Property Maintenance. The risks to quality of life are low. Within the budget submission, we have sufficient funding for maintenance and repair for bachelor quarters. As a cornerstone in quality of life, our program to improve bachelor quarters will eliminate the backlog of critical maintenance and repair by fiscal year 2004. The reduced funding level in fiscal year 1998 and fiscal year 1999 will result in deferral of major repair projects for many of our remaining facilities. We consider this acceptable risk since there is sufficient funding starting in fiscal year 2002 to sustain all of our facilities.

Marine Corps Answer. Not counting the Quality of Life, Defense Appropriation (45 million for O&MMC and $9 million for O&MMCR) increases in fiscal year 1997, the Marine Corps budget actually increases for Real Property Maintenance from fiscal year 1997 to fiscal year 1998, but like the other services, we are funded well below our requirement and our backlog is increasing.

Realizing the importance of providing well-maintained barracks for our Marines, we have dedicated sufficient funding to the repair and maintenance of barracks in order to ensure our Backlog of Maintenance and Repair in this area is zero at the end of 2004.

We are doing the right thing to emphasize barracks, but we recognize that there are potential impacts on operational facilities. We will continue to monitor them closely in an effort to avoid problems. Facilities that impact directly on readiness like runways and training ranges will be kept in acceptable operational condition. However, in order to do this, repair funding has been reduced to other types of facilities. Typically these will be mission support and quality of life support facilities like roads, utilities, administrative buildings, warehouses, hobby shops, gyms, etc.

Air Force Answer. The Air Force has funded the RPM program at the Preservation Maintenance Level which is the level of resources necessary to accomplish periodic maintenance requirements. This level of funding ensures cost of ownership requirements for facilities related to both quality of life and readiness are sufficiently funded.

Question. Have each of your Services completed the quality of life projects initiated under former Defense Secretary Perry, thus allowing for reduced funding in fiscal year 1998?

Army Answer. The Secretary proposed a six-year program to increase the quality of life initiatives across a spectrum of areas: barracks, child care, fitness and recreation, basic allowance for quarters, and the cost of living allowance. The funding for this initiative is added to the Army's ongoing efforts and will expire in fiscal year 2001. There is no reduction of funding in fiscal year 1998.

Navy Answer. The focus for quality of life projects under Secretary Perry was on bachelor quarters. Increased in fiscal year 1994, the funding for maintenance and repair for bachelor quarters is sufficient to eliminate our backlog by fiscal year 2004. Additionally, current funding for both Real Property Maintenance and Military Construction will meet the new barracks 1+1 standard by fiscal year 2013.

Marine Corps Answer. In fiscal year 1996, we received $22 million from Congress, in addition to our budget request, to fund barracks repair projects. All of these funds have been spent. In fiscal year 1997, we received $54 million from Congress for Quality of Life repairs. $30 million of that has been targeted directly for barracks, while $24 million is going for quality of life in the work place. These projects are being executed in fiscal year 1997 and fiscal year 1998 as allowed by the legislation providing the funds.

The Marine Corps has not reduced its request for RPM funding in fiscal year 1998, because we are already funded well below our requirements for maintaining our facilities condition.

Air Force Answer. To date, the Air Force has received a total of $131 million in three years (Fiscal Years 1996, 1997, and 1998) worth of distribution from the Office of the Secretary of Defense (OSD) Quality of Life (QoL) account set up by Dr. Perry. The Air Force received its portion of the OSD distribution in MILCON appropriation and invested in both family and unaccompanied housing requirements; execution of the Fiscal Year 1996 and 1997 military construction projects are on-going, while Fiscal Year 1998 projects are included in the President's Budget. This additional funding does not substantially reduce the family housing (26 year buyout) or unaccompanied housing (10-15 year buyout) requirements; future funding levels must be maintained.

Question. If you have not completed these initiatives, what is your schedule for doing so?

Army Answer. The Army plans to complete its barracks upgrade program worldwide in 2012. We expect to meet the DoD goal of satisfying 65 percent of the Child Care demand in fiscal year 1998. The other initiatives represent ongoing efforts fully supported by the Army.

Marine Corps Answer. We are on track with completing the initiatives in Real Property Maintenance. In fiscal year 1997, we received $54 million from Congress for Quality of Life repairs. $30 million of that has been targeted directly for barracks while $24 million is going for quality of life repairs in other facilities. The funds are currently being executed. These funds are only a down payment though in fixing our barracks. The Marine Corps has developed and resourced the following funding profile within our Real Property Maintenance account so that we can reduce the Backlog of Maintenance and Repair in Barracks to zero by the end of 2004 in accordance with the Marsh Panel goals.

Barracks	Fiscal		
	1998	1999	2000

RPM $mil.....	71	75	81

Air Force Answer. We have awarded all but two fiscal year 1996 projects (one dormitory project will be awarded by May 1997, one Military Family Housing project is being used as a privatization initiative). The three dormitory projects funded in Fiscal Year 1997 will be awarded by October 1997. The Fiscal Year 1998 projects are included in the President's Budget.

Question. What funding has been included to complete these initiatives in each year of the Future Years Defense Plan (FYDP)?

Army Answer. The Secretary of Defense added $450 million for each year from fiscal year 1996 to 2001 for all Services for quality of life. The Secretary of Defense distributes funding for barracks in the budget year. We have already incorporated funding requirements for basic allowance for quarters and cost of living allowance into the Army's Operation and Maintenance budget. We have programmed the necessary funds to meet child care and fitness and recreation requirements throughout the FYDP. We expect to continue funding each category at a level of about $11 million per year.

Navy Answer. Current funding for barracks:

$M	Fiscal		
	1998	1999	2000
Real Property Maintenance.....	$146	$153	$166

Marine Corps Answer. In fiscal year 1997, we received $54 million from Congress for Quality of Life repairs. $30 million of that has been targeted directly for barracks while $24 million is going for quality of life repairs in other facilities. These funds are currently being executed in fiscal year 1997 and fiscal year 1998 in accordance with the legislation providing the funds. These funds are only a down payment though, in fixing our barracks.

The Marine Corps has developed and resourced the following funding profile within our Real Property Maintenance account so that we can reduce the Backlog of Maintenance and Repair in Barracks to zero by the end of 2004.

Barracks	Fiscal		
	1998	1999	2000
RPM $mil.....	71	75	81

Air Force Answer. There has been no funding specifically included in the FYDP to complete the projects funded by the Office of the Secretary of Defense Quality of Life account; future funding levels must be maintained in order to continue improving the quality of life in our family and unaccompanied housing.

Mobility Enhancement Program

Question. Please describe for the Committee the specific enhancements that have been implemented with this funding.

Army Answer. In the past, the Army has been able to use mobility enhancements funding to accomplish rail upgrades at Hawthorne Army Ammunition Plant, Crane Army Ammunition Activity and Military Ocean Terminal Sunny Point. Other improvements include runway repair at Fort Hood, railway bridge repair at Fort Carson, and dock repairs and improvements at Fort Eustis. With the Mobility Enhancement Funds for fiscal year 1997, the Army will repair taxiways at Fort Bliss and accomplish minor improvements at Kawakami and Akizuki Depots. Additionally, with the Other Procurement Army (OPA) funding, the Army plans to procure a vessel bridge simulator for Fort Eustis which will permit crew certification without the cost of putting a vessel underway, and a deployable communications and automation package to assist the port commander in opening a port for Military Traffic Management Command.

Navy Answer. Mobility Enhancement Funding (MEF) is provided by OSD to the Services under the oversight of TRANSCOM. Each year TRANSCOM establishes a general transportation issue or theme that guides the project selection process. TRANSCOM designated fiscal year 1997 as the year of infrastructure and encouraged the Services to submit projects that ``improve deployment capability and enhance mobility through investment in projects that improve the overall capability of the Defense Transportation System (DTS).'' In response to fiscal year 1977 call, Navy submitted 31 projects worth $22 million and TRANSCOM approved 24, worth $5.5 million. Examples of fiscal year 1997 approved projects are as follows:

Repave West Loch Branch Magazine Area Roads (Naval Magazine Lualualei)	$1 million
Naval Weapons Station Concord bridge repair	$925 thousand
Pave container staging area at NS Pearl	$770 thousand
Runway repairs at NAS Rota Spain	$420 thousand
Maritime Prepositioning Force (MPF) container holding yard (NAVORDCEN)	$349 thousand
Joint Over the Shore (JLOTS) equipment	$125 thousand

Marine Corps Answer. The Mobility Enhancement Program is administered by the US Transportation Command (USTRANSCOM) for OSD. Since the programs' inception in fiscal year 1993, Congress has appropriated funds to the O&M, Defense-Wide account. However, in fiscal year 1997, funds were appropriated into the O&M, Defense-Wide, and Procurement, Defense-Wide accounts. The Marine Corps competes with the other Services for these funds. The Marine Corps received $4.1 million in fiscal year 1995; $6.3 million in fiscal year 1996; and anticipates receiving $8.4 million in fiscal year 1997 for Mobility Enhancement projects.

Some of the specific Marine Corps enhancement projects for fiscal year 1995/96, and those anticipated for fiscal year 1997, are listed below:

fiscal year 1995 (all o&m)

Rail Transportability Upgrades at Camp Lejeune, NC and Camp Pendleton, CA.

fiscal year 1996 (all o&m)

Railroad Trestle Repairs and Staging Area Upgrades at Camp Lejeune,

NC.

Multi-Level Loading Ramps at Marine Corps Logistics Base, Albany, GA.

FISCAL YEAR 1997 (ANTICIPATED)

O&M

Staging Area Repairs and Loading Ramps at Camp Lejeune, NC, and Camp Pendleton, CA.

Loading Ramp Repairs at Marine Corps Logistics Base, Albany, GA.

Railroad Repairs at Camp Lejeune, NC.

Staging and Container Stuffing Area Repairs at Marine Corps Logistics Bases Albany, GA and Barstow, CA.

Marshalling Area improvements at Cherry Point, NC and Barstow, CA.

PROCUREMENT

Purchase of Commercial Super-Stackers and Adjustable Height Loading Ramps for I MEF, II MEF, and III MEF.

Purchase of Commercial Container Handlers for Okinawa, Japan.

Air Force Answer. Enhancements include repair and maintenance on runways, taxiways, aircraft parking areas and air freight handling equipment and facilities. The Air Force has also used these funds for airfield lighting, marshalling area and other aerial port improvements. The enhancements are made at key air mobility bases with aircraft and/or facilities both in the CONUS and overseas en route infrastructure that serve DoD customers' strategic mobility requirements. Special emphasis has been given to the en route bases for the planned fiscal year 1997 enhancements such as Hickam, Hawaii; Elmendorf, Alaska; Osan, Korea; Ramstein, Germany; and more.

Question. Are there shortfalls in this area in fiscal year 1998?

Army Answer. There is an Army shortfall in Materiel and Container Handling Equipment (M/CHE) at Table of Distribution and Allowances Power Projection Platforms (i.e. Ammunition Depots). Because M/CHE in this category is unresourced, it qualifies as a Mobility Enhancement Funds candidate. This shortfall affects the outloading capability at some installations where infrastructure improvements have already been made. In the past, these requirements have not been funded because they did not compete favorably with higher priority Army unit requirements. If unresolved, this shortfall could adversely affect ammunition depot outload capability during a contingency. The Army requires Other Procurement funds to begin the procurement of installation M/CHE.

Navy Answer. According to TRANSCOM, fiscal year 1998 Mobility Enhancement Fund (MEF) solicitations will not begin until the fall of 1997, so identifying shortfalls for this funding is premature. Criteria for project nominations have not yet been formulated. Navy is satisfied with the TRANSCOM selection process and their sensitivity to the Navy's priorities in past years.

Marine Corps Answer. The Marine Corps anticipates continued shortfalls in the areas of infrastructure improvement, to include railroad loading, marshaling staging, and container stuffing for fiscal year 1998.

Air Force Answer. The specific requirements for enhancement funds for fiscal year 1998 will not be submitted by our Major Commands (MAJCOMs) until the fall of 1997. However, as in previous years, we anticipate having more projects than money. For fiscal year 1997, United States Transportation Command received over 300 project requests totaling $285 million. After screening our MAJCOM inputs, the Air Force's submission was 35 projects at $31 million--13 projects at $12

million were selected and will be accomplished as funding becomes available. The weighted average age of DoD facilities is 44 years and transportation facilities are increasingly experiencing ``geriatric'' problems as the recapitalization burden grows. These funds help lessen the impact on the future--deferred bills that become due at higher costs.

Question. What is the appropriate mix of procurement and operation and maintenance funds needed to successfully implement these enhancements?

Army Answer. To ensure we are able to procure required M/CHE, we would like to see a quarter to a third of Mobility Enhancement Funds (MEF) as Other Procurement funds. MEF is appropriated annually. As these funds are usually made available during March-April and must be obligated by 30 September, the current level of funding ($40-$50 million) is a manageable level of funding to expend in six months.

Navy Answer. Fiscal year was the first year that Transcom used the MEF funding line to finance procurement of equipment. Prior to that, MEF funding could only be spent on O&M projects like minor construction and repair/renovation projects. TRASCOM considered all projects submitted by the Services and funded them based on merit rather than on a funding formula. The resulting fiscal year 1997 MEF mix was approximately 80% O&M and 20% procurement, and Navy was satisfied with this arrangement.

Marine Corps Answer. From a Marine Corps perspective, the current mix of projects in appropriate for continuing to implement these enhancements.

Air Force Answer. So far the vast majority of the funding has been for operations and maintenance with a portion set aside for procurement. Project selection is a continuous process and priorities will vary from year to year. We need flexibility in applying funds to improve and fine tune the Defense Transportation System and in turn our strategic mobility capability to project power. Conventional wisdom is \1/4\ to \1/5\ in procurement and the rest in operations and maintenance. The initial mix in fiscal year 1997 of $40 million for operations and maintenance and $10 million for procurement is a good proportions formula for future funding.

Cold Weather Equipment and Clothing

Question. The Committee added funds to the Army and Marine Corps operations and maintenance accounts in both fiscal year 1996 and 1997. In fiscal year 1996, $16 million was added, and in fiscal year 1997, $62 million was added. Describe for the Committee the results of additional funding. How much of the equipment that has been funded in the last two years has actually been fielded?

Army Answer. In fiscal year 1996, the Army accelerated procurement of the Second Generation Extreme Cold Weather Clothing System and completed fielding to Korea. In fiscal year 1997, the Committee added funding for items such as cold weather clothing, bivouac gear, sleeping bags, and other gear to improve the comfort of deployed soldiers. Actions are currently underway to procure the following types of cold weather gear: the Modular Sleeping Bag System and bivy cover, Mounted Crewman Cold Weather Glove, and the Intermediate Cold Web Boot. Other items are also being procured, such as improved rainsuits, improved mechanics coveralls, lightweight balaclavas, small unit showers, neck gaiters, ambidextrous shoulder harnesses and holsters, and improved Personnel Armor System-Ground Troops (body armor) helmet suspension

systems.

All of the items funded in fiscal year 1996 have been procured and fielded. Fiscal year 1997 funds are currently being executed, and we do not have final figures on the amount fielded.

Marine Corps Answer. The additional fiscal year 1996 funding has been used to procure approximately 40 thousand sets of 2nd Generation Gore-Tex Extended Cold Weather Clothing Systems (ECWCS), which cost approximately $10 million. The remaining $6 million was used to procure over 50 thousand Gore-Tex Bivy Sacks. Of these items, approximately 9 thousand ECWCS parkas and trousers and all of the Bivy Sacks have been delivered to the fleet marine force (FMF).

The additional fiscal year 1997 funding of $62 million was shared between the Marine Corps ($27 million), both active and reserve forces, and the Army ($35 million). Of the Marine Corps portion, $25.5 million was for Extended Cold Weather Clothing Systems; of this amount $18.5 million will be used to procure over 73 thousand additional ECWCS for the Marine Active and Reserve Forces. $5.2 million was used to procure approximately 44 thousand Gore-Tex Bivy sacks, and $1.8 million was used to procure 72 thousand Lightweight Cold Weather Underwear Systems (LCWUS). To date, over 18 thousand Bivy Sacks and 10 thousands LCWUS have been delivered to the FMF. The fiscal year 1997 contract for ECWS will not be awarded until the May/June time frame and as such no deliveries have been received.

Question. Have you completed all planned acquisition of such equipment?

Army Answer. The Army will complete the planned acquisition of the Second Generation Extreme Cold Weather Clothing System and the Mounted Crewman Cold Weather Glove in fiscal year 1997.

Marine Corps Answer. The additional funding was used to procure 2nd Generation Gore-Tex Extended Cold Weather Clothing Systems (ECWS), Gore-Tex Bivy Sacks, and Lightweight Cold Weather Underwear Systems (LCWUS). We will complete acquisition of the Bivy Sack and the LCWUS in fiscal year 1997, and the 2nd Generation Extended Cold Weather Clothing System (ECWCS) in fiscal year 1998.

Question. What level of funding has been included in the fiscal year 1998 for this type of equipment?

Army Answer. Fiscal year 1998 funding for the full spectrum of soldier modernization items (Central Funding and Fielding, Soldier Enhancement Program) is approximately $42 million. This includes procurement of Advanced Combat Vehicle Crewman helmets (ballistic protection), personnel individual cooling systems, close quarters battle slings (slings to carry weapons), anti-reflective devices, low profile flotation collars, and emergency breathing devices (for pilots), in addition to cold weather gear. Planned procurement and subsequent fielding of inclement and cold weather items include the Modular Sleeping Bag System and bivy cover, improved rainsuits, and fighting position overhead covers, among others.

Marine Corps Answer. Fiscal year 1998 O&MMC Budget Request for Cold Weather Equipment: 2nd Generation ECWCS--$6.0 million--23,648 items. Fiscal year 1998 O&MMCR Budget Request for Cold Weather Equipment: 2nd Generation ECWCS--$2.8 million--10,876 items.

Tactical Wheeled Vehicles (Trucks)

Question. The Services, especially the Army and Marine Corps, depend on tactical vehicles to transport troops and equipment.

What is the condition of your tactical wheeled vehicle fleet? Which

vehicles are in the worst condition?

Army Answer. The Army's tactical wheeled vehicle fleet meets minimum operational readiness standards but suffers from both technological obsolescence and old age. The heavy trucks (Palletized Load System, Heavy Equipment Transporter, and Heavy Expanded Mobility Tactical Truck) are in the best condition, followed by the light fleet (High Mobility Multipurpose Wheeled Vehicle). The medium trucks (2.5-ton and 5-ton) are in the worst condition. The average age of Army 2.5-ton trucks exceeds 25 years. The average of the 5-ton fleet is somewhat lower, but this fleet still includes some pre-Vietnam era vehicles.

Marine Corps Answer. Marine Corps tactical truck fleets are operationally ready and effective, but are beginning to show evidence of readiness degradation due to their ages.

The Medium Tactical Truck Fleet (5-ton) and the Light Tactical Truck Fleet (HMMWV) are experiencing the greatest age degradations. These fleets are approaching the end of their service lives, and thus are becoming the most expensive to maintain. The Marine Corps has budgeted remanufacture or replacement programs for these vehicles.

The P-19A Crash Fire Rescue fleet is also displaying signs of availability degradation. This degradation has become evident in quarterly readiness ratings. The Marine Corps has the Crash Fire Rescue vehicles under inspect and repair only as necessary (IROAN) status in fiscal year 1997 and has fully funded the Crash Fire Rescue fleet rebuild effort beginning in fiscal year 1998.

Air Force Answer. Because of the cost of tactical vehicles compared with commercial vehicles, the Air Force uses tactical vehicles only where the mission dictates their use. For example, tactical communications units which operate in the field in close proximity to the Army, and are provided parts support by the Army, use tactical vehicles. The condition of the tactical vehicle fleet mirrors that of the commercial vehicle fleet: over aged and worn out. The fiscal year 1998 budget shortfall is $56.7 million. Worst among the tactical vehicles are the High Mobility Multi-Purpose Wheeled Vehicle (HMMWV) ($21.0 million) and the Family of Medium Tactical Vehicles (FMTV) ($20.0 million).

Question. Do you have sufficient quantities of tactical vehicles? If not, what are your shortfalls?

Army Answer. The Army has shortfalls in various models throughout the tactical truck fleet. We are short approximately 20,000 High Mobility Multipurpose Wheeled Vehicles. The current contract for the Family of Medium Tactical Vehicles, which will replace the aging and maintenance-intensive 2.5-ton and 5-ton fleets, buys 10,800 trucks against a requirement of 85,400. The heavy fleet is short 1,434 Palletized Load Systems (PLS), 45,567 PLS Flatracks, 1,622 Heavy Expanded Mobility Tactical Trucks (HEMTT), 853 HEMTT Wreckers, 769 HEMTT Tankers, and 1,054 Heavy Equipment Transporters.

Marine Corps Answer. The Marine Corps has sufficient quantities of tactical vehicles with the exception of the High Mobility Multi-Purpose Wheeled Vehicle (HMMWV) armored ambulances and the Logistics Vehicle System (LVS). The following table represents our shortfalls in the Procurement Marine Corps account:

Item	Quantity	Dollars in millions	
		Unit cost	Total

Armored Ambulance HMMWVs.....	224	$.107	$24.0
LVS Components.....	.....	.....	.....
MK-48 front power units.....	104	.172	17.9
Cargo Container Hauler MK-14 rear body units.....	176	.073	12.8
Wrecker/Recovery MK-15 reach body units	2	.205	0.4
Fifth Wheel Trailer MK-16 rear body units.....	160	.089	14.2
Cargo/Troop Transporter MK-17 rear body units.....	9	.135	1.2
Ribbon Bridge/Container Transporter MK-18 rear body units.....	20	.116	2.3
Total.....	.....	.....	72.8

These items are not financed in the fiscal year 1998/1999 President's Budget, but the requirements for these items will be reviewed during development of the next Program Objectives Memorandum/ budget. The current estimate of the unfunded requirement is $72.8 million.

Air Force Answer. No. Shortfalls are significant. In addition to 447 High Mobility Multi-Purpose Wheeled Vehicles ($21.0 million) and 133 Family of Medium Tactical Vehicles ($20.0 million), the budget shortfall is comprised of 172 M-35 2\1/2\ ton cargo trucks ($8.1 million), 170 tactical transporters/dollies ($1.7 million), 69 tank trucks and trailers ($1.9 million), six wreckers ($1.4 million), and 106 miscellaneous tactical trucks and trailers ($2.6 million).

Question. Are you experiencing near-term readiness problems as a result of the quantity or quality of your tactical vehicle fleet? Please explain.

Army Answer. While it is not a particular near-term readiness problem, the age of some fleets is driving up their operation and sustainment costs. For example, the average age of the 2.5-ton fleet is 27.5-28 years, and the age of the 5-ton fleet is 17 years. In addition, the replacement vehicles--the Family of Medium Tactical Vehicles--will be fielded over a period of 30 years. There also is a shortage Army-wide of about 9,000 High Mobility Multipurpose Wheeled Vehicles and some of those first issued are reaching the point where they should be refurbished. In summary, while not a near-term readiness problem, the age of our tactical wheeled vehicle fleet, without replacement systems or depot refurbishment programs, has the potential for long-term readiness impacts.

Marine Corps Answer. The Marine Cors is experiencing near-term readiness problems in the High Mobility Multi-Purpose Wheeled Vehicle (HMMWV) fleet due to corrosion. We have initiated studies to determine the overall impact on the HMMWV fleet readiness and the extent of maintenance costs related to the corrosion.

The P-19A Crash Fire Rescue fleet is also displaying signs of availability degradation. This degradation has become evident in quarterly readiness ratings. The Marine Corps has the Crash Fire Rescue vehicles under inspect and repair only as necessary (IROAN) status in fiscal year 1997 and has fully funded the Crash Fire Rescue Fleet rebuild effort beginning in fiscal year 1998.

Air Force Answer. Yes. SORTS (Status of Resources and Training System) is a monthly reporting system which indicates unit readiness. Air Combat Command Tactical Air Control Squadrons, Combat Communication

Units, and Air Support Operations Squadrons are reporting degraded readiness caused by shortages and condition of assigned tactical vehicles. The Air National Guard reports that they will soon have to resort to cannibalizing from some of their trucks to keep the remainder of their fleet running.

Question. Do you anticipate long-term readiness problems as a result of the quantity or quality of your tactical vehicle fleet? Please explain.

Army Answer. Long-term readiness is affected by both quantity and quality of the fleet. The older the fleet becomes, the more maintenance downtime it experiences, and trucks that are down for maintenance are not operationally ready. We have several initiatives underway to address potential long-term readiness problems. First, we are aggressively pursuing an accelerated truck retirement program to wash out the oldest and most maintenance-intensive vehicles from the fleet. Second, we are acquiring state-of-the-art automotive technology with the Palletized Load System, Heavy Equipment Transporter, and Family of Medium Tactical Vehicles. Third, we are remanufacturing selected vehicles, most notably 2.5-ton trucks, through Extended Service Programs that will provide interim modernization for lower priority units until the new vehicles are fully fielded throughout the force. The Army expects that with the three initiatives mentioned above, long-term readiness will not become a problem.

Marine Corps Answer. The Marine Corps does not anticipate a long-term readiness problem as a result of the quality of our tactical vehicle fleet. The Highly Mobile Multi-purpose Wheeled Vehicle (HMMWV) fleet corrosion problems, which are under study, will be corrected in the Light Tactical Vehicle Replacement (LTVR) program. The P-19A Crash Fire Rescue fleet of vehicles, which are displaying signs of availability degradation, are under inspect and repair only as necessary (IROAN) status in fiscal year 1997. The Marine Corps and has fully funded the Crash Fire Rescue fleet rebuild effort beginning in fiscal year 1998.

Air Force Answer. Yes. The near-term readiness problems we are experiencing will only get worse without adequate investment expenditures to fill shortages and to replace worn out, over aged trucks that continue to deteriorate every year.

Question. Department of Defense (DoD) is requesting $1.6 billion fro the procurement of ammunition. Last year, the Congress provided $1.7 billion for ammunition. Does the fiscal year 1998 budget request adequately fund your ammunition requirements? If not, what are the shortfalls?

Army Answer. The fiscal year 1998 ammunition budget represents the best balance of readiness and sustainability consistent with available resources and Army priorities. There are, however, some shortfalls; they are listed below.

Item	Shortfall (in millions)	Requirement
120mm Tank, TP-T.....	$9.8	Training Item.
120mm Tank, TPCSDS-T.....	12.8	Training Item.
Hydra Rkt, MPSM Prac.....	36.2	Training Item.
120mm Mortar, HE/MO.....	9.0	War Reserve.
Fuze Arty, Elec time, M767.....	20	War Reserve.

CTG 5.56mm Blank, M200 Lk.....	2.4	Training Item.
CTG 7.62mm Ball, M80 Lk.....	.5	Training Item.
CTG 50 Cal Ball, M9 Lk.....	.07	Training Item.
CTG 50 Cal 4/1 Ball/Trc.....	.05	Training Item.
Simulator Antitank, M27.....	.5	Training Item.
Selec Lighwgt Attk Muni.....	10.0	War Reserve.
155mm HE, Ext Rg, M795.....	55	War Reserve.

Navy Answer. The Navy's ammunition requirements are adequately funded in the fiscal year 1998 budget request under the appropriation ``Procurement of Ammunition Navy and Marine Corps'' (PANMC).

Marine Corps Answer. The fiscal year 1996 ammunition requirements study significantly lowered Marine Corps War Reserve requirements. This has allowed the Marine Corps to shift assets that had previously been earmarked for War Reserve to training. The fiscal year 1998 President's Budget adequately funds the Marine Corps ammunition requirement. The budget funds the annual training requirement and meets the combat requirement in the program years. It reflects an acceptable balance between ammunition requirements and other high priority Marine Corps requirements. Nonetheless, some ammunition shortfalls do exist. These can be caused by adjustments in geographical positioning, production delays, new training items and changes in training requirements, or when large quantities of ammunition are relegated to an unserviceable condition code. At this time the Marine Corps has identified the following shortfalls:

a. Ctg, 40mm practice Linked M918 (DODIC B584) will be at 16% of the Approved Acquisition Objective (AAO) at the end of the fiscal year 1998 Funded Delivery Period (FDP).

b. Charge, Demolition Assembly M183 (DODIC M757) will be at 33% of the AAO by the end of the fiscal year 1998 FDP.

c. Ctg, 5.56mm Training Rounds M200 (DODIC A080) will be at 42% of the AAO at the end of the fiscal year 1998 FDP.

d. Ctg, 5.56mm Training Rounds M200 Lined (DODIC A075) will be at 32% of the AAO at the end of the fiscal year 1998 FDP.

Air Force Answer. The Air Force must still use significant numbers of general purpose munitions as we continue to upgrade our inventory. The Air Force currently has enough total munitions to fight 2-MRCs, however the inventory contains many older, less effective munitions that unnecessarily expose our pilots to enemy defenses.

--Currently working to modernize Precision Guided Munitions (PGM) inventories--balanced with procurement of effective inventoried weapons

--JDAM, JASSM, WCMD, SFW P3I, JSOW are backbone of future weapons

--Production of CALCM, SFW, AGM-130, GBU-28/27/24, Hard Target Smart Fuze, and AGM-65H Maverick enhance both near-term and long-term combat capability

Air Force fiscal year 1998 munitions programs which we were unable to support due to budget limitations include:

--CALCM and GBU-28 have been identified on the Air Force prioritized unfunded listing

--AGM-65H Maverick, AGM-130, GBU-27, and GBU-24 have also been identified as requirements which we have been unable to fund due to budget limitations

Question. What is the annual consumption of training ammunition for your Service? Is training ammunition adequately funded? If not, what is the shortfall?

Army Answer. The Army's annual cost for consumption of ammunition in training is approximately $900 million. the fiscal year 1998 adequately funds training ammunition at 95 percent of the Army's training requirement when supplemented with a modest use of war reserve assets. Ninety-five percent of the Army's training requirement is the minimum required to maintain a C-1 level of readiness. Fiscal Year 1998 shortfalls to bring the training ammunition requirement to 100 percent include an additional $22.5 million in tank training ammunition and $36 million in 2.75 inch Hydra-70 training rockets.

Navy Answer. Annual consumption of training ammunition varies widely between each munition. There is no set percentage of inventory or funding applicable to the entire appropriation. However, overall Navy needs for training ammunition are adequately funded in the fiscal year 1998 budget request.

Marine Corps Answer. The current Class V (W) training requirement was developed by the Marine Corps Combat Development Center and contains over 230 ammunition items, including ground missiles. This requirement is valued in excess of $289 million in fiscal year 1996 dollars. The 1998 President's Budget for Marine Corps ammunition procurement adequately funds the training ammunition requirement.

The fiscal year 1996 ammunition requirements study significantly lowered Marine Corps War Reserve requirements. This has allowed the Marine Corps to shift assets that had previously been earmarked for War Reserve to training. The fiscal year 1998 President's Budget adequately funds the Marine Corps ammunition requirement. The budget funds the annual training requirement and meets the combat requirement in the program years. it reflects an acceptable balance between ammunition requirements and other high priority Marine Corps requirements. Nonetheless, some ammunition shortfalls do exist. These can be caused by adjustments in geographical positioning, production delays, new training items and changes in training requirements, or when large quantities of ammunition are relegated to an unserviceable condition code. At this time the Marine Corps has identified the following shortfalls:

a. Ctg, 40 mm practice Linked M918 (DODIC B584) will be at 16% of the Approved Acquisition Objective (AAO) at the end of the FY98 Funded Delivery Period (FDP).

b. Charge, Demolition Assembly M183 (DODIC M757) will be at 33% of the AAO by the end of the fiscal year 1998 FDP.

c. Ctg, 5.56mm Training Rounds M200 (DODIC A080) will be at 42% of the AAO at the end of the fiscal year 1998 FDP.

d. Ctg, 5.56mm Training Rounds M200 Linked (DODIC A075) will be at 32% of the AAO at the end of the fiscal year FDP.

Air Force Answer. Representative training munitions annual consumption include: Practice bombs (700,000), Inert Mk 82's (35,000), Live Mk 82's (3,400), GBU-24's (170).

No. But we are able to maintain tiered readiness by balancing our training expenditure while preserving/maintaining WRM stockpiles

--Currently rationing/limiting training on LGBs, numerous practice munitions, and flares

Fiscal year 1998 training munitions shortfalls include:

--$6-10 million for pratice Mk-82s, flares, 30mm TP, 2.75'' rockets

--WRM shortfalls of GBU-24/27/28, AGM-130, AGM-65D/G limit aircrew training with modern PGMs

War Reserve Ammunition

Question. Are you using war reserve ammunition for training purposes? If so, why? Are you using excess war reserve ammunition for training? Please explain. What impact does the use of war reserve ammunition for training have on near term readiness? Long-term readiness?

Army Answer. The Army has, since the end of the Cold War, used excess war reserve ammunition to support training for applicable items. The Army sees this as a wise use of these resources. This policy ensures training readiness goals are achieved and excess assets utilized. However, the availability of these assets (drawdown varies by item) is nearing an end. In the near-term, further drawdown of war reserve assets to support training would support Army readiness, but at the expense of warfighting sustainability. In the long-term, as assets are completely depleted, both training readiness and warfighting sustainability will suffer.

Navy Answer. Most programs are training from war reserves. Per OSD guidance, ammunition is procured to combat expenditure and shipfill requirements only. Training, testing, and maintenance are not generally funded above those requirements. Instead, we train down from our combat inventory then restore to the required levels with new procurement.

There is little useful excess war reserve left and it is not accounted for in annual training requirements.

In general, training usage from war reserve does not significantly affect either near term or long term readiness.

Marine Corps Answer. Normally, War Reserve (WR) ammunition is not used to satisfy training requirements and in the case of an ammunition shortfall, either a substitute ammunition is used, or training is limited through an Available Supply Rate process. Only in isolated situations where the training is of such a high priority that a case-by-case decision is made to support limited training with the WR item.

The fiscal year 1996 requirements study significantly lowered Marine Corps ammunition war reserve requirements. This has allowed the Marine Corps to shift assets that had previously been earmarked for war reserve to training. These former war reserve rounds are not excess as they support training. This usage of former war reserve items supports near-term readiness. When these assets are exhausted, procurement levels will be increased to support long-term readiness.

The Marine Corps usage of war reserve ammunition to meet training requirements only impacts short term readiness because of the infrequent nature of the policy and the WR ammunition is replaced as soon as possible.

Air Force Answer. Yes. The Air Force must use WRM for training.

--The use of WRM for test/training also maintains our confidence in the capability of the stockpile, identifies hardware or training problems before they impact our combat capability, and hones our employment tactics.

--The limited inventories and lack of procurement of current preferred PGMs (GBU-24/2/28, AGM-130, AGM-65, CALCM, etc.) require the Air Force to use rationed/limited quantities for testing and training.

--Future PGMs in procurement (JDAM, JASSM, JSOW) have a programmed training expenditure calculated as part of the procurement requirement.

--Air-to-air missile WRM stocks are also utilized for testing and training.

Yes. The Air Force uses some nonpreferred WRM for training.

However, there are no excess modern munitions in Air Force inventory.

--At a certain point, this practice provides negative training due to the age/lack of capability of the weapons.

In both near and long-term readiness we are walking the fine line--attempting to maintain proficient aircrews who will have the necessary munitions inventories to employ in combat if necessary.

Given the current inventories and budget climate, the limited use of WRM for training is a necessity for the foreseeable future.

--Without training expenditures, aircrew proficiency and combat effectiveness is degraded.

--With training expenditures, required critical PGM and air-to-air missile inventories are decreased.

Ammunition Funding Shortfalls

Question. Does your budget provide adequate funding for preferred, modern munitions? If not, for the record, please provide which munitions are not adequately funded in the fiscal year 1998 request.

Army Answer. The budget requests funding for five preferred modern items for fiscal year 1998. These items are: 25mm M919; 120mm Mortar, HE/MO; 120mm Tank, M829A2; 155mm Sense and Destroy Armor; and Wide Area Munitions. As identified in the answer to a previous question, three preferred modern items are identified as shortfalls. These items are:

Item	Shortfall (in millions)	Requirement
120mm Mortar, HE/MO.....	$9.0	War Reserve.
155mm HE, Ext Rg, M795.....	55.0	War Reserve.
Selec Lighwgt Attk Mun.....	10.0	War Reserve.

Navy Answer. Within prioritized budget constraints, the fiscal year 1998 budget request provides adequate funding for preferred modern munitions.

Marine Corps Answer. The Marine Corps ammunition study established the War Reserve Requirement for Preferred Munitions only. The Marine corps ammunition budget is developed to meet this requirement of Preferred Munitions. Older munitions are drawn down as substitutes for training where applicable. This process ensures Preferred Munitions are available for combat while making efficient use of current assets for training. The fiscal year 1998 President's Budget for Marine Corps ammunition procurement meets the combat requirement for Marine Corps preferred, modern munitions, in the program years.

Air Force Answer. Programmed long term PGM (JASSM, JDAM, JSOW) procurement is adequate, however, shortfalls in current PGMs will continue to limit combat and training options well into the next century.

--CALCM and GBU-28 have been identified on the Air Force prioritized unfunded listing

--AGM-65H Maverick, AGM-130, GBU-27, and GBU-24 have also been identified as requirements which we have been unable to fund due to budget limitations

The introduction of modern PGMs leverage our combat capability and

has permitted past Air Force force structure reductions.

Readiness Shortfall for Ballistic Missile Defense

Question. 27 Americans died in a Scud missile attack which the radars on Navy ships could see. Unfortunately, the Navy was powerless to act to intercept the SCUD since its ships have no anti-ballistic missile weapons capability. Congress has frequently urged the Administration to accelerate sea-based tactical ballistic missile defense, but the Administration has been slow to act.

Admiral Gehman, would you say the Navy has a readiness problem when it comes to sea-based tactical ballistic missile defense?

Navy Answer. No. Readiness is determined by assessing an existing warfighting capability. The Navy has no warfighting capability to defend against Theater Ballistic Missiles today. That is why we are committed to developing and deploying this much needed capability as soon as possible. Once developed and fielded Fleet Commanders will ensure that our ships are ready in all respects to employ the capability.

Question. The Navy's current plan is to outfit only 2 Aegis ships using BMDO funding to demonstrate sea based tactical ballistic missile defense capability. Admiral Gehman, under the Administration's current plan, when is the earliest that the Navy plans to field sea-based tactical ballistic missile defense in a production configuration?

Navy Answer. The option that provides the Navy the most rapid development of this capability is via backfit. Under the current Navy plan the first ships to receive Area Theater Ballistic Missile Defense capability, other than the User Operational Evaluation System (UOES) demonstration ships noted above, will be two Aegis cruisers in fiscal year 2000. Additional cruisers will be backfit in fiscal year 2002 and fiscal year 2003. The first DDG-51 classdestroyer will be backfit in fiscal year 2003 with additional ships scheduled in fiscal year 2004 and out. Under the current plan, ships appropriated in fiscal year 2002 will receive the first forward fit configuration, in production/ construction. By the Secretary of the Navy and the Chief of Naval Operations direction, Navy is reviewing acceleration options that could nearly double the number of ships provided this capability (from 15 to 29) by fiscal year 2003.

Question. The Committee is disturbed that the Administration's budget asks the Congress to endorse a 12 ship DDG-51 multi-year production contract under which not a single ship would be delivered with either ship self-defense or tactical ballistic missile defense equipment. We are talking about delivering ships with holes where the equipment should go. How does this plan improve Navy's readiness?

Navy Answer. The 12 ships in the DG multiyear will be delivered with the most effective ship self defense systems in the fleet. 10 of the 12 ships will have the upgrade SPY-1D(V) with it's enhanced littoral warfare capabilities for ship self defense. Navy considerations associated with balancing ship Construction, Navy funds for the entire Department and executing a fully funded DDG-51 class ship procurement plan moved the introduction of Cooperative Engagement Capability (CEC), and Theater Ballistic Missile Defense (TBMD) capability in a forward fit configuration, out of the fiscal year 1998 through 2001 DDG 51 Multi-Year Procurement (MYP). These 12 ships will be built with the combat systems and computer software configuration base to allow rapid introduction of these capabilities as funds become available for procurement and installation of CEC and TBMD. CEC is a

synergistic enhancement to total Carrier Battle Group (CVBG) or Amphibious Readiness Group (ARG) self defense, including those ships, in company with Aegis ships, whose self defense systems are not as advanced. In this manner CEC leverages the superior defense capability of Aegis ships enhancing the entire battlegroup's defense. CEC, as a means of advanced cueing, will also enhance TBMD for ships operating in a group.

Question. The Navy has not budgeted for a new construction DDG-51 ship with these capabilities until the year 2002. Such ships could not be delivered until 2005-2006. Explain how waiting another decade to deliver anti-ship missile and theater ballister missile defense capabilities contributes at all to Navy readiness.

Navy Answer. As stated previously, the Navy is not waiting to deliver enhanced anti-ship missile capability and Theater ballistic missile defense (TBMD) capability, but has an integrated back fit plan and is reviewing acceleration options that deliver these much needed capabilities to the fleet as the technology becomes available, at the beginning of the next century.

Question. Is the Navy serious about sea-based theater ballistic missile defense?

Navy Answer. The Navy is very serious about developing and delivering a sea-based theater ballistic missile defense capability to the Fleet. In that regard, significant progress has been achieved over the past year. On 24 January 1997 at the White Sands Missile Range, the Navy conducted the first ever intercept of a TBM target with a modified SM-2 Block IV missile. Subsequently, at a Milestone II DAB on 22 February 1997, OSD approved the Navy AREA TBMD program to proceed to Engineering, Manufacturing and Development. In addition, our efforts in working with BMDO and OSD to elevate the funding and priority of the Navy Theater Wide (NTW) program within the DoD Ballistic Missile Defense architecture are beginning to pay off. This past December Dr. Kaminski designated NTW as a core BMDO program and, in support, in January 1997 Navy added over $200 million to the Navy Theater Wide program across the FYDP. Most importantly, in October 1996, CNO and SECNAV directed their staffs to conduct a comprehensive review of Navy TBMD programs and report back with a plan to accelerate delivery of this capability to the Fleet. The review is nearing completion and will be briefed to CNO and SECNAV in the near-future. All of these actions confirm Navy commitment to delivering this capability to the Fleet.

Readiness Shortfall for Ship Self-Defense

Question. 32 sailors died in an Iraqi anti-ship cruise missile attack on the USS Stark almost ten years ago. Admiral Gehman, how much better off are Navy ships today than the Stark was ten years ago, in terms of readiness to defend themselves against anti-ship cruise missile attack?

Navy Answer. Of the twenty-eight active service FFG 7 class ships, eighteen have been equipped with Radar Cross Section reduction materials (Outlaw Bandit), seventeen have been equipped with active electronic countermeasures equipment (AN/SLQ-32 (V)5), and sixteen are scheduled to receive the Rapid Anti-ship Integrated Defense System (RAIDS) beginning in FY97 as ship availabilities permit. RAIDS, the precursor to the Ship Self Defense System, completed operational test and evaluation in October 1996 for the FFH-7 class. These improvements have all been developed and installed since the Stark incident and significantly improve the ships ability to defend themselves against

anti-ship cruise missile attacks. Other ship classes have received or are planned to receive enhanced ship self defense capabilities such as the Ship Self Defense System (SSDS), Nulka Active Offboard Decoy, rolling Airframe Missile or Evolved Sea Sparrow Missile Systems, enhanced sensors and radar cross section reduction modifications.

Question. What equipment from the Navy's ship self-defense system (SSDS) program has been installed on Navy ships since the Committee first brought this problem to the Navy's attention in 1992?

Navy Answer. Since 1992, the Ship Self Defense System (SSDS) has been installed aboard USS Ashland for operational testing. Upon successful completion of these tests, additional units will be installed as planned aboard LSD class ships. Currently three additional LSD ship sets have been procured; two will be installed in fiscal year 1997 and one in fiscal year 1998. Additionally, one SCN system for LSD-52 was procured in fiscal year 1997 as a direct result of a Congressional plus-up. The program still plans to install SSDS on all LSD 41, CV/CVN, LPD 17 and LHD classes.

Question. How many foreign countries possess French-built EXOCET antiship cruise missiles?

Navy Answer. 34 foreign countries (including France) possess some version of the EXOCET antiship cruise missile (see Table 1). Of these countries, 27 possess a ship-launched version and 16 possess an air-launched version of the EXOCET (some countries possess both). Only France currently possesses the submarine-launched EXOCET. ------.

Question. How hard would it be to add ``stealth'' treatments to such missiles to make them nearly invisible to radars, including those on any Navy ship?

Navy Answer. ------. Other treatments, such as smoothing and the addition of Radar Absorbent Material to primary scatters would cause a slight degradation of aerodynamic performance in terms of reduced range and speed, but would help decrease RCS; again, primarily in the frontal sector. ------.

Question. The Administration's 1998 budget zeros all production funds for both cooperative engagement and ship self defense systems. How does this contribute to the Navy's readiness to defend its ships against anti-ship cruise missile attack?

Navy Answer. The CEC and ship self defense systems were not terminated in the fiscal year 1998-2003 program. In the case of SDS, procurement and installation of 2 ship and 2 shore based support systems were rescheduled to match later maintenance availabilities. CEC funding is awaiting completion of operational test and evaluation. Navy ships have numerous existing self defense systems that provide defense against anti-ship cruise missiles.

Question. Tell the committee what classes of ships are no longer planned to get any ship self defense equipment installations under the Administration's outyear budget plan. Explain how this action contributes to the readiness of those ships to defend themselves from attack. What percentage of the ships for which the Navy now advocates no ship self defense equipment installation funding in its budget and outyear plan directly support Marine Corps combat operations?

Navy Answer. All ships that sail into harm's way have some level of defense with the exception of military sea lift ships with civilian crews. Planned upgrades to those defensive systems are based on projected operating environments and threat levels. Ship defense must be looked at beyond what each has installed to the wider context of contributions made by strike ashore, combat air patrol, area AAW ships, along with individual ship self defense systems. The Ship Self Defense

Capstone Study, dated February 1996, identified self defense requirements based on expected threat levels. In order to meet littoral threats, ships will be outfitted with ship self defense systems or will be escorted to ensure full protection against projected threats.

Question. Is the Navy serious about ship self defense?

Navy Answer. Yes. The protection of our sailors and marines along with the assurance of mission success has always been the Navy's top priority.

Readiness Against Terrorist Patrol Boats

Question. The Navy has been spending funds for at least five years to develop an improvement to the Phalanx gun on Navy ships. The gattling gun was designed for ``last ditch'' defense against cruise-missiles but with relatively minor modification can provide significant capability against terrorist patrol boats like the ones Iran uses. Admiral Gehman, please describe the Navy's requirement for the so-called ``CIWS Surface Mode'' upgrade to the Phalanx gattling gun on Navy ships.

Navy Answer. Post cold war maritime operational concepts have been developed and concentrate in coastal or ``littoral'' areas. US Navy and Coast Guard operations around Haiti and Cuba are well documented examples of this type of maritime operation. These littoral operations require a defense against small, high speed, very maneuverable surface threats and low, slow air threats that are expected. The requirement initially centered on an Advanced Minor Caliber Gun System (AMCGS) for the US Navy. The Navy conducted an extensive COEA as well as additional follow-on analysis, testing, and detailed review. Based on the results of these efforts, the AMCGS requirements was planned to be best operationally and financially satisfied by implementing the CIWS Surface Mode.

Question. Is the requirement any less urgent today than it was five years ago?

Navy Answer. The Navy remains committed to providing ships a defense against this threat. The requirement is as valid today as it was five years ago.

Question. How many Navy ships have the CIWS gun on them?

Navy Answer. There are 210 Navy ships that have the CIWS gun installed on them.

Question. Do you have combat ships that do not have CIWS guns?

Navy Answer. There are no active surface combatants without CIWS guns.

Question. Given the urgency of the threat, the number of Navy ships that use CIWS guns for close-in defense, and successful development of a gun improvement--why has the Navy canceled all R&D and production funds in the 1998 budget for the CIWS surface mode?

Navy Answer. The CIWS Surface Mode Improvement is scheduled to complete development and testing in fiscal year 1997. No further development funds are required for the program. Production funds were zeroed in favor of funding higher priority programs.

Question. Does the Navy have a readiness problem in terms of protecting its ships from terrorist patrol boat attacks?

Navy Answer. We believe that the Navy still needs help protecting its ships from terrorist patrol boat attacks--to that end, we will complete the operational testing this year and receive fleet comments before we commit to full scale production.

Question. What do fleet CINCs say about the desirability of

improving CIWS guns on Navy ships to defend against surface targets (terrorist patrol boats)?

Navy Answer. In 1992 the CNO went to the fleet Commanders In Chief to confirm their position on using the CIWS Surface Mode to implement the Advanced Minor Caliber Gun System requirement. He reported that both CINCLANTFLT and CINCPACFLT stated their strong support for this approach. In an August 1993 letter from ASN (RNA) to The Honorable James M. Talent of the House of Representatives, CINC support and endorsement was also stated.

Question. If an AEGIS Destroyer or Marine Corps LSD ship were close to shore and suddenly attacked by a terrorist patrol boat--lets say within 2 miles of our ship--What exactly would the Captain of the ship do to protect his ship?

Navy Answer. The Captain has a variety of actions he can take depending on the situation and rules of engagement. Some of them may include the use of air cover from either fixed wing or armed helicopters. He may opt to employ his already manned self defense positions including 50 caliber machine gun emplacements, 25 mm chain guns, or a 5" 54 main deck gun in the case of the destroyer, and a variety of smaller weapons. Maneuvering to place the patrol boat in position to be taken by Standard Missile could also be a tactic used by the Captain. He would want to maneuver his ship to maximize his potential firepower on target and take full advantage of environmental conditions.

Question. Is the Navy serious about defending its ships from terrorist patrol boat attack?

Navy Answer. Yes. The Navy still needs to protect its ships from terrorist patrol boat attacks--to that end, we will complete the CIWS Surface Mode operational testing this year and receive fleet comments before we commit to full scale production.

Cooperative Engagement Capability

Question. The Nation has spent over $1.2 billion to develop the cooperative engagement system for the Navy during the last 10 years. The system allows ships to see a target (aircraft, cruise missile, ballistic missile), even if the ship under attack cannot see it at all, and allows the ship with the best shot to kill the target. Former Secretary of Defense Perry called cooperative engagement ``the most significant technological development since stealth.'' Any system which has cooperative engagement equipment by definition will have improved readiness to defend itself and other important U.S. assets.

Admiral Gehman, please describe the technical performance of the cooperative engagement system and its important to the Navy.

Navy Answer. Navy views CEC as a top priority and is committed to its implementation in both surface ships and aircraft. In every at sea test or exercise, CEC has consistently demonstrated major warfighting improvements and earned increasing Fleet support. A CEC-equipped unit in a CEC Battle Group can process and share target data almost instantaneously and place a defending missile in flight before a low flying cruise missile crosses the attacked ship's radar horizon. In actual firing exercises, CEC units demonstrated that they can nearly double the effective engagement range of self-defense missiles. CEC testing has consistently demonstrated that despite jamming or other environmental factors that disrupted individual sensors' tracks, CEC was able to maintain a coherent track throughout the target flight. No other known existing military system possesses CEC's demonstrated

operational performance and warfighting potential in the areas of composite tracking and cooperative engagement.

Question. Former Secretary of Defense Perry ordered that the cooperative engagement program be accelerated. No sooner did he walk out the door, than the Navy took all the 1998 production funds for cooperative engagement and used them for other purposes. Why is the Navy not eager to follow former Secretary Perry's direction to accelerate the program?

Navy Answer. The Navy views CEC as a top priority and is committed to its implementation in both surface ships and aircraft. In Congressional testimony before the House Appropriations National Security Subcommittee the CNO stated that the removal of the fiscal year 1998 CEC ``Other Procurement, Navy'' funds was a budget affordability decision that he would revisit. Navy has subsequently included these funds as its #1 ``Other Procurement, Navy'' priority on the priority list which the Chairman of the Authorization Committees requested. Currently CEC systems are being procured and installed to complete a second battlegroup with RDT&E funds to support OPEVAL in fiscal year 1998. By fiscal year 2003 Navy will have installed CEC in 60 ships and aircraft.

Question. Describe how fielding cooperative engagement is necessary for the Navy to perform tactical ballistic missile defense mission.

Navy Answer. The Navy Operational Requirements Document (ORD) for Theater Ballistic Missile Defense (TBMD) does not include CEC as essential for TBMD operations. In the future, Navy envisions that CEC could dramatically enhance the ability of TBMD-capable ships to accomplish the TBMD mission.

Question. General Moorman, the Air Force has been slow to get involved in this program since it started a decade ago. How much funding is the Air Force's 1998 budget to participate in the cooperative engagement program? How much funding is in the Air Force's future years defense plan for cooperative engagement?

Air Force Answer. There are no funds in the Air Force budget in fiscal year 1998 or the out years associated with integration of a Cooperative Engagement Capability (CEC) into the Airborne Warning and Control System (AWACS).

The Air Force submitted its plan to Congress on December 5, 1995 outlining a three part plan for investigating Cooperative Engagement Capability (CEC), given appropriate funding. This ``Three Part Plan'' included participation in the Navy-sponsored Mountain Top exercise, Modeling and Simulation, and Proof-of-Concept efforts to integrate hardware and software onto the Airborne Warning and Control System (AWACS) test aircraft (TS-3) and labs.

The fiscal year 1996 Appropriation Act included an $11 million plus-up to the Navy CEC program element for the study of CEC on AWACS. This money was provided to the Air Force to fund the initial portions of the three part plan which included Mountain Top participation/ analysis, initial modeling and simulation activities and top level system engineering activities. The initial studies are designed to determine the potential benefits of various levels of CEC integration on AWACS. For example, AWACS participated in the Navy sponsored Mountain Top exercise and demonstrated that AWACS could cue the CEC network using the Joint Tactical Information Distribution System (JTIDS). Using the JTIDS capability already being fielded on AWACS may provide a low-cost and effective means to inject AWACS surveillance data into the CEC fire-control network. This approach, as well as other options, are being evaluated by the studies described above.

The results of the initial studies are due out late this year. Once the study results are available, the Air Force will make follow-on investment decisions.

Question. General Griffith, could you answer the same questions for the Army?

Army Answer. The Army is analyzing the current design of the Cooperative Engagement Capability (CEC) to meet Army requirements for air defense artillery systems (Patriot, Theater High Altitude Air Defense, and Medium Extended Air Defense System). The ongoing Army CEC assessment is projected to be completed by the end of fiscal year 1997. The Ballistic Missile Defense Organization is sponsoring a multi-service Joint Composite Tracking Network Study which is looking at the use of a CEC-based system for real-time weapon engagement support. Results of this study are also not expected until the end of fiscal year 1997. The Army will decide on its appropriate level of funding for CEC or CEC-like technologies after we have analyzed the results from these two studies.

Question. What is the JCS perspective concerning the desirability of all the services to use the Navy's cooperative engagement system?

Army Answer. I have asked the Joint staff to respond to your question, and they have provided the following: The Joint Staff is continuously working to better integrate our forces across all areas. The Navy's Cooperative Engagement System is one capability that seems to have great applicability to joint warfighting. The Services along with Joint Staff are conducting a number of studies to determine the feasibility and effectiveness of Cooperative Engagement Capability. The recently completed Joint Staff Sensor to Shooter Study assessed the value of joint integrated links and communications paths on weapons performance and effectiveness. Cooperative Engagement was one of five areas assessed.

The Sensor to Shooter study results indicate that Cooperative Engagement Capability will improve weapons performance, and bring the services closer to achieving the goals of Joint Vision 2010. Cooperative Engagement Capability has a major impact on extending the range of first engagement; increasing shot opportunities; and, overall campaign effectiveness. At a minimum, the study recommends that Cooperative Engagement Capability be fully integrated into all current and future fire control quality weapon/radar systems. Additionally it identifies the need for an airborne over-the-horizon relay capability to extended area of coverage and sensor netting. It must be noted that due to the narrow focus in the area of Cooperative Engagement Capability, the study did not fully assess the value of air surveillance radar data across the entire spectrum of theater air defense. However, studies conducted by the Navy and Ballistic Missile Defense Office show that air surveillance radar data incorporated in the Cooperative Engagement Capability provides major improvements across the entire theater air defense arena.

There are two additional issues that need resolution prior to proceeding with any joint implementation decisions. The first issue is frequency spectrum availability. The Federal Communications Commission is selling 50MHz of frequency availability to commercial interests, which is within the Cooperative Engagement Capability operating frequency band. The Navy is currently assessing the impact of this sale on Cooperative Engagement Capability, and by letter, has informed Congress of its concerns. The second issue is the completion of two Congressionally directed studies that address the feasibility and effectiveness of integrating Cooperative Engagement Capability on

Airborne Warning and Control System aircraft (Air Force) and the Patriot air defense system (Army). Both studies are scheduled for completion in August 1997. The results of these on going studies must be reviewed prior to making an informed decision on joint implementation.

Research and Development (R&D) and Readiness Priorities

Question. The Navy's budget and outyear plan proposes growth in the categories of ``basic research'' and ``R&D management support,'' while eliminating installation funds for many items that have successfully completed development and which are high priorities for warfighting CINCs (for example: cooperative engagement, ship self-defense systems, improved guns for Navy ships). The priorities in the Navy's budget are questionable to the Committee. Admiral Gehman, do you really think funding for ``basic research'' and ``R&D management support'' is more important than installation of warfighting equipment on Navy ships?

Navy Answer. Basic research and research, development, test and evaluation (RDT&E) management support have a role to play supporting naval forces. Efforts here help provide the technology edge, focused on high-leverage capabilities to ensure technological superiority. Tomorrow must start today for all military forces that have an eye focused on the operational capabilities required for Coalition Warfare in the next millennium.

In attempting to strike a balance between today's needs and tomorrow's, the budget cannot completely meet all priorities. The final product is by necessity a compromise.

Question. How does increased funding for basic research and R&D management support contribute to readiness?

Navy Answer. Increased funding in the areas of basic research and R&D management support is important to Navy's long term readiness. Looking to the future, the Navy is planning to modernize and recapitalize its weapons systems and equipment. As we continue forward, we do so with limited resources and the understanding that we must proceed cautiously--studying our proposed actions before we take them. We must be totally confident that the investments we make are for those programs that will ensure continuing operational primacy. By conducting increased research and providing additional funding for installations required for general research and development, it will provide better insight for selecting our future systems and equipment as well as maintain the infrastructure necessary to support Navy's R&D efforts.

Question. The Navy's budget advises us to increase funds for long-term basic research programs and kill funding for installation of needed equipment. Does your budget reflect the Navy's real priorities or are you doing what you are told by the OSD science & technology community?

Navy Answer. The Navy's Fiscal Year 1998 budget request for long-term basic research reflects both specific Navy priorities as well as direction from OSD in the Fiscal Year 1998-2003 Defense Planning Guidance (DPG). Both the Navy and the OSD science & technology community had input into the development of the Science & Technology (S&T) section of the DPG. DPG language reflects decisions made by the Secretary of Defense.

The Fiscal Year 1998-2003 DPG direction for basic research (6.1 efforts) was that the Services ``at a minimum, preserve basic research (6.1) at Fiscal Years 1997-2001 President's Budget FYDP levels.''

Question. The Committee is told that outlays in the 1998

President's budget are higher than forecast by the Administration. If true, this will force the Congress to make large reductions to the Department of Defense (DoD) research and Development (R&D) budgets in order to meet outlay targets. Would each of you please comment: How important is basic research funding to the warfighting Commanders-in-Chief (CINCs)?

Army Answer. Basic research is important in shaping the forces the Army by providing the technological building blocks that will allow us to address imperatives emerging from future warfighting concepts. For example, basic research in the early 1980's in the areas of energetic materials, penetration mechanics, and the mechanics of composites, led to the development of the M829A1 tank main gun round for the M1 tank, known as the ``Silver Bullet.'' The effectiveness of the M829A1 was one of the factors in the overmatching capability displayed by the M1 in Desert Storm. The Army, as a full spectrum land warfighting force, depends on technology to meet the multitude of mission requirements the current political environment presents. The dependence on technology is increasing as the Army evolves toward smaller, lighter, and more lethal forces that must accomplish the ever-increasing variety of missions that the Army faces. In order to maintain overmatching capability, the Army needs stable investment in basic research that is the breeding ground for the technological discoveries and advancements on which the Army relies.

Navy Answer. Basic research has a role to play supporting naval forces and this is recognized by the warfighting CINCs. Basic research helps provide Navy men and women the technology edges, the high-leverage capabilities, critical to ensuring technological superiority and decisive success in battle with minimum losses. Technology must be made to work for us, as well helping to reduce the cost of ownership.

However, the primary job of the warfighting CINCs is to train and operate ready military forces today and in the near years. The ultimate products of basic research, the technologies that will come after the next generation of platforms and systems, tend to fall outside of the timespans under focus by the warfighting CINCs. As such, CINC integrated priority lists do not stress Basic Research.

Marine Corps Answer. This question should be directed to the Warfighting CINCs in order to obtain the most accurate and direct answer.

None of the CINCs specifically list Basic Research as an overarching requirement among their Integrated Priority List (IPL) submissions. They do make numerous references within the IPLs that show a concern for the need to recapitalize and modernize the force by pursuing development of next generation weapons, communications, strategic and tactical systems. The Warfighting CINCs place an emphasis on developmental research that will ensure that we maintain a technological edge over current and emerging threats.

Examples of IPL responses that represent CINC RDT&E concerns include:

``. . . Imperative to support exploratory and advanced technology development . . .''

``. . . Need to leverage technological/engineering upgrades . . .''

``. . . Development of evolving capabilities . . .''

``. . . Require upgrades and improvements . . .''

``. . . special consideration should be given to added outyear funding for Advanced Concept Technology Demonstrations (ACTDs) that show significant promise in developing solutions to warfighting requirements . . .''

The above quotes are representative of CINC support for identifying and developing technologies that have potential to deliver new systems and capabilities needed to maintain our technological edge. The Warfighting CINCs seem clear in placing their emphasis on developing promising technologies into deliverable systems that will increase their warfighting effectiveness.

Air Force Answer. Basic research funding is very important to the warfighting CINC. A strong and effective basic research program enables the Air Force to preserve our technological edge and ensures that the latest technological advances are included in new weapon systems. CINCs, however, are charged with ensuring our forces are ready to fight today. Consequently, they focus on readiness, quality-of-life, and near-term modernization efforts. The Science & Technology (S&T) community uses an established process to solicit feedback from CINCs on their needs and priorities. All CINCs are invited to participate in the DoD S&T corporate planning process through active participation in ongoing Technology Area Reviews and Assessments (TARAs). In addition, OSD (A&T)/DDR&E has established a network of CINC Science Advisors to keep the CINCs informed of S&T matters. This allows CINCs to play a role in basic research funding even though they may not devote much time to it.

Because both long-term and short-term development are important, we must be cautious in reducing the R&D budget to meet outlay targets. Higher outlay rates can be caused by a number of factors. The Air Force has placed an increased emphasis on improving our expenditure rates. We believe we're succeeding, which results in higher outlay rates. It also means we're executing programs better, which in the long term results in lower program costs. Acquisition reform also contributes to better overall execution. Cutting the R&D budget due to higher outlay rates would penalize the Air Force for improving program execution.

Question. Do any of them include it on their integrated priority lists?

Army Answer. No. The product of basic research, of developing scientific knowledge to provide breakthrough capabilities, is, by its inherent nature, not immediately evident to CINCs. Nevertheless, basic research provides the fundamental scientific underpinnings to advance the state-of-the-art. As an example, consider the power requirements of the future soldier system. As the applications of electronics-based subsystems for the soldier have grown, the power demands have grown as well and will continue to grow. To meet this growth in power demands, the Army is currently investing in basic research addressing the fundamental technologies that support batteries, fuel cells, and other compact sources.

Air Force Answer. No.

None of the CINCs specifically request the Air Force increase basic research. In addition, the integrated priority lists and associated documentation do not imply any increase in basic research is required to meet the other requirements listed.

Question. Is basic research more important to your Service than near-term technology development or production/installation of equipment?

Army Answer. Basic research and development must be balanced with near-term technology development and production within our overall modernization strategy.

Marine Corps Answer. The Marine Corps' overall RDT&E budget, which constitutes less than 1 percent of the entire DOD RDT&E budget, has remained close to its historic level of funding of approximately $250

million. Near term technology development is important to the immediate needs of the Marine Corps while basic research provides the long term source of our technology advantage needed to propel the Marine Corps into the 21st century and beyond. To fully implement Operational Maneuver From the Sea, we must continue to pursue our immediate near term technology development needs required to field new equipment. Critical modernization initiatives (e.g., MTVR, Javelin, LTWT 155, and Network Infrastructure) are funded in the FYDP, as well as continuing RDT&E for the Advanced Amphibious Assault Vehicle (AAAV).

Our warfighting laboratory, which experiments in new warfighting initiatives, will ensure relevance of the Marine Corps in the next century and will help bridge the gap between today's and the day after tomorrow's capabilities. Both short term and long term RDT&E are critical to the Marine Corps' future and must be scrutinized carefully to ensure we have sufficient RDT&E resources to focus on long term, revolutionary capabilities.

Because the Marine Corps' RDT&E budget is small, any reduction in RDT&E funding would be damaging. Given the realization of Operational Maneuver From the Sea with the fielding of the AAAV and the V-22 Osprey, it is imperative that we, at a minimum, maintain current levels of RDT&E funding.

Air Force Answer. Basic research is not more important than near-term technology development or production/installation of equipment. Our overall Air Force budget reflects a careful attempt to maintain a balance between sustaining operational readiness over the near term, and modernizing our force to meet the threat of the future. Likewise, within the modernization accounts, we must balance between R&D activities and the production, fielding, and/or modification of equipment. Taking it one step further to within the RDT&E appropriation, we maintain a balance between current weapons systems development, which will payoff in the next few years (near-term), and basic research, which will incorporate new technology development into our weapon systems of the future (far-term). All are important or we risk compromising our future ability to fight. We can not eliminate one and keep the others. We need to maintain a balance.

Question. If we had to cut R&D, would you rather we take it from near-term or far-term programs, i.e. weapons development or basic research?

Army Answer. Recognizing that resources are scarce, and assuming we may be cut in Research and Development (R&D), it is important that we strike a balance between ``near-term'' and ``far-term'' programs. The Army's new modernization strategy stresses greater investment in the Service's technology base and insertion of low risk and high payoff technologies into field combat systems. We will need to expand investment in upgrade programs designed to keep fielded systems in service longer than expected. The R&D program in fiscal year 1998 is focused on supporting affordable options to achieve the capabilities envisioned for Force XXI, Army Vision 2010, and the Army After Next that emphasize demonstrations of promising technologies with warfighter applications. The Army continues to maintain a strong and able R&D program to ensure the timely development and transition of technology into weapon systems and system upgrades and to explore alternative concepts in future global, capabilities-based warfighting. It is imperative that we maintain the Army's technological advantage on the battlefield now and in the future. Our investments in research today are critical to ensuring that the technologies and capabilities will be available when needed to forge the Army After Next.

Air Force Answer. There is no simple answer to this question. If we had to absorb a cut within the RDT&E appropriation, we would prefer the flexibility to balance it across the appropriation as we feel best. We consider the pursuit of both areas important in protecting our Nation. We would evaluate any cut against our needs and our priorities, taking into account our current and planned program efforts in order to arrive at a solution that best meets the needs of current and future warfighters.

Logistics Civil Augmentation Program (LOGCAP)

Question. Why has the cost of Logistics Civil Augmentation Program (LOGCAP) more then doubled on a per soldier basis?

Army Answer. The Army Budget Office fiscal year 1997 estimates for LOGCAP and the follow-on contract did not increase from fiscal year 1996 levels. The estimate of $386.9 million identified in the fiscal year 1997 Supplemental was revised downward by $146.9 million to $240 million based on an improved mission definition.

The fiscal year 1997 estimate covers 12 months of LOGCAP support compared to only 9 months of operation in fiscal year 1996. The costs for LOGCAP are driven by mission requirements, such as the number of base camps supported, so costs will not vary directly with the change in the number of personnel supported. The fiscal year 1997 estimate is based on our actual experience in fiscal year 1996 when 15 base camps were supported. The Implementation Force Operations remained at full strength at the 15 base camps throughout the 1st quarter of fiscal year 1997 when phase-down to the Stabilization Force began, with attendant support at 11 base camps.

For planning purposes, the original fiscal year 1997 projections included startup and demobilization costs for a new contract. This would have required more funding to award a contract to a new contractor with attendant startup costs for the new contractor and the demobilization costs for the outgoing contractor. This assumption drove the estimate up to $386.9 million. In February 1997, the Assistant Secretary of the Army (Research, Development and Acquisition) approved the continuation of the Brown & Root Service Corporation (BRSC) support of Operation Joint Guard under a separate contractual instrument, managed by the U.S. Army Corps of Engineers (USACE), separate from the new LOGCAP World Wide Indefinite Quantity contract managed by the U.S. Army Materiel Command. This contractual continuation will begin on May 28, 1997, upon expiration of the existing USACE LOGCAP contractual instrument. The new BRSC contract contains tools for a more cost effective and effienct means of performing and managing the remaining effort in Operation Joint Guard, including demobilization. The improved mission statement and the defined contract requirements were critical elements in the reduction of the fiscal year 1997 cost estimate for LOGCAP in support of Operation Joint Guard from $386.9 million to $240 million.

Patriot Battalion Redeployment

Question. Will the redeployment of Patriot assets currently deployed in support of Southwest Asia reduce the funding required by the Army to support fiscal year 1997 contingency operations?

Army Answer. U.S. Central Command is currently working an action to reduce the Patriot presence in Saudi Arabia by one battery. This action is being worked with the Kingdom of Saudi Arabia. Action on this

decision would not take place until the end of the fiscal year; therefore, it will not impact contingency costs for fiscal year 1997.

Operating Tempo in Bosnia

Question. Why have flying hours increased? Are there currently threats that warrant an increase in operating tempo (OPTEMPO)?

Army Answer. The increase in flying hours is caused by a combination of several factors. the first is the transition between the Implementation Force and the Stabilization Force in Bosnia which reduced the number of vehicles in Multi-National Division-North and caused an increase in the use of aircraft for movement of personnel, supplies, and equipment. Also, the closure of numerous camps has caused a greater dispersion in troop concentrations and distances traveled. This has produced an increased demand for aircraft to transport personnel for mission requirements. Finally, the demand on our helicopters for intelligence gathering assets has increased.

The direct threat has not significantly changed; however, key issues such as resettlements and the upcoming elections have increased mission demand and warrant the increase in OPTEMPO.

Navy Answer. There are currently no new threats that warrant an increase in operating tempo in and around Bosnia. Flying hours increased in the supplemental budget request as a result of our extended presence in Bosnia. Navy's original flying hour projection reflected the period 01 October 1996 to 31 December 1996. Our revised estimate reflects the period 01 October 1996 to 30 September 1997.

Marine Corps Answer. Marine Corps flying hours in Bosnia have remained relatively constant. While our March, 1997, flight hours show an increase due to Non-combatant Evacuation Operations in Albania (Operation Silver Wake), overall our FY97 flight hours have remained relatively constant at around 400-500 hours per month. While we had anticipated a decrease in overall flying hours as I-For transitioned to S-For, that has not yet occurred. This sustained level will shortly begin to impact our readiness unless the supplemental request is granted.

In summary, our operating tempo in and around Bosnia has remained relatively constant and the supplemental request will permit that level of activity without impacting readiness.

Air Force Answer. The programmed Bosnia supplemental flying hours were only loaded through December 1996 (the original conclusion date for our participation in Bosnia). Because our presence in Bosnia was extended, additional hours were required to account for flying activity for the remainder of the year.

Rescissions

Question. The Administration's 1998 budget proposes to rescind $2.0 billion of 1997 funds to pay for operations in Bosnia, and an additional $2.8 billion to meet arbitrary outlay targets.

If Congress rescinds $2.0 billion of 1997 Department of Defense (DoD) modernization funds to finance operations in Bosnia, would that affect readiness?

If the Congress rescinds $4.8 billion of 1997 DoD modernization funds to finance operations in Bosnia, would that affect readiness?

Army Answer. The total impact of a rescission is difficult to assess. However, additional reductions would exacerbate current modernizations shortfalls and require the Army to reprioritize the

funding of its programs. The benefits of the fiscal year 1997 Congressional plus-up would be lost. This could impact critical aviation systems, ground combat systems, smart munitions and our overaged, high mileage truck fleet.

Currently, the fiscal year 1998 budget funds our programs at a level that permits the Army to develop and procure the equipment with an acceptable amount of risk. Our modernization efforts enable our soldiers to remain the best in the world. The Army's challenge is to balance the limited resources available to finance requirements to support today's readiness while providing a sufficient proportion to research, test, develop, and procure systems that make the Army ready tomorrow.

The Army is concerned with both current and future readiness. Balancing the near- and long-term elements of force readiness is key to ensuring full spectrum dominance.

Navy Answer. There would definitely be a negative impact on readiness. The level of impact would depend on the source of funds selected to meet the requirement. If it becomes necessary to rescind funds budgeted for modernization, clearly, we would prefer lower priority programs.

Again, there would be an adverse effect on readiness. To what degree would depend on the source of funds selected to meet the requirement. If it becomes necessary to rescind funds budgeted for modernization, clearly, we would prefer lower priority programs.

Marine Corps Answer. Further decreases to our fiscal year 1997 modernization accounts would most definitely affect future readiness. As a result of continued decreases in our topline, our investment accounts have been the billpayers to fund our highest priority near-term readiness. Further reductions to our modernization funding would exacerbate this problem, forcing us to defer procurement of even more equipment which is critical to the future readiness of our Corps.

Yes. Due to constrained toplines, our investment accounts have long been the billpayers to fund near-term readiness. The ``right level'' of funding for procurement of ground equipment to support our Marines is approximately $1-$1.2 billion per year. Fiscal year 1997 funding for the procurement of ground equipment is approximately half this amount, $712 million and the fiscal year 1998 funded level is $473 million--the lowest level since fiscal year 1972. Additional reductions to our ground equipment modernization account would force us to defer procurement of even readiness of our Corps.

Air Force Answer. The high operations tempo of ongoing worldwide operations other than war continues to place a significant amount of stress upon Air Force people and equipment. This has resulted in the accelerated life cycle of our aircraft and support equipment beyond their original design. The Air Force budget has been developed with careful consideration given to balancing our current needs with respect to our people and readiness and the anticipated future demands of our mission in supporting the National Strategy. Though of little immediate impact to our current readiness any reduction in Air Force modernization funds will have far reaching implications in the out years, be significantly more expensive to recover from, and set a dangerous precedent for future administrations. However, failure to provide supplemental funding to support operations in Bosnia will have a significant impact on readiness beginning in May of this year, as outlined in General Fogleman's recent memorandum to Congress.

Question. Do any of you believe that your service possesses a significant amount of 1997 modernization funds that are not necessary?

So, what is your advice to use on what we should do with the Administration's request to rescind such a large amount of 1997 Department of Defense (DoD) funds?

Army Answer. We believe that the Army does not have excess fiscal year 1997 modernization funding. During the drawdown, the Army accepted risk in its modernization accounts in order to maintain near-term readiness, end strength, and quality of life. Ideally, the Army needs approximately $14-$16 billion annually for modernization to maintain current combat overmatch capability, recapitalize worn out equipment, and to maintain essential levels of research and development. Timely modernization is essential to ensure future readiness and to adequately equip the current and the future force. With the help of Congress, the Army plans to buy a limited number of new, high payoff weapons, and is working to extend (recapitalize) the lives and capabilities of many existing systems. The current modernization program is balanced within existing fiscal realities and an acceptable amount of risk. The dilemma that the Army faces is the perpetual risk associated with uncertain funding for unprogrammed requirements while sustaining a coherent modernization program, current operations, and readiness.

Navy Answer. No. If modernization efforts were not believed necessary, they would not have been requested in the 1997 budget. Compounding the problem, the later the supplemental comes, the smaller a pool of money there is to take offsets. As mentioned in my remarks before the Committee, as the year goes later, and later, and later, the number of offset choices get smaller and smaller. Pretty soon the only offsets available are uncommitted operations and maintenance funds: flying hours and steaming days, deferring major depot maintenance availabilities, participating in non-JCS exercises, base operations & maintenance efforts, personnel accounts. Discretionary money just isn't out there any more.

Marine Corps Answer. No, the Marine Corps does not possess any excess modernization funds. As a matter of fact, our FY 1997 funding for procurement of ground equipment to support our Marines is approximately half the ``historical average'' of $1-$1.2 billion that has been required in order to ensure a read, viable Marine Corps in the future.

Question. The Administration's 1998 budget proposes to rescind $2.0 billion of 1997 funds to pay for operations in Bosnia, and an additional $2.8 billion to meet arbitrary outlay targets.

So, what is your advice to us on what we should do with the Administration's request to rescind such a large amount of 1997 DOD funds?

Marine Corps Answer. Defer to the Administration.

Air Force Answer. The Air Force Modernization Budget represents a balanced, prioritized, time phased approach to modernize our technology and equipment. Some of the administration's rescission proposal can indeed be accomplished without programmatic impact (inflation savings, changes in foreign currency estimates). However, we cannot generate a rescission level of this magnitude without programmatic impact. I would urge that in considering a rescission of this magnitude that you would allow the Department the maximum flexibility to determine how the reduction would be allocated. The Air Force would do all it can to protect its core modernization programs.

Headquarters and Administrative Personnel

Question. The Commander-in-Chief Atlantic Command has noted

excessive growth in the number of DoD headquarter personnel. It is estimated that there are about 150,000 military within 50 miles of Washington, D.C.

What measures are each of your Service's taking to reduce the number of administrative and headquarters personnel?

Army Answer. The Department of the Army's portion of the fiscal year 1998 (FY98) President's budget reflects a reduction of 2,100 manpower spaces in Headquarters, Department of the Army (i.e. departmental, staff support, and field operating agencies). The Army will continue to study the proper size, scope, and responsibilities of Headquarters, Department of the Army.

Navy Answer. The Department of the Navy's headquarters and administrative personnel are not growing. The Department has been very aggressive in downsizing and reducing infrastructure. Ongoing efforts which continue to contribute to the reduction include:

Regionalization/BRAC
Acquisition reform
Re-engineering

The Department continues through the FYDP to structure this workforce to meet the requirements of its downsizing force structure. Workforce size will be the minimum necessary to:

Ensure our Sailors and Marines are trained
Forces are able to meet continuing high pace of operational commitments

Marine Corps Answer. The Marine Corps conducts ongoing surveys to ensure that the number of admin/headquarters personnel are sufficient only to perform the assigned work. While the demand for ever greater detail in staff work has grown substantially in recent years, we have not increased the number of personnel in the admin/headquarters categories. At the same time, we do not foresee any reductions in the immediate future.

Air Force Answer. We have made downsizing, proper accountability, and controlling the size of our management headquarters and headquarters support activities one of our top priorities:

--We have streamlined management structures of major commands and subordinate units; reorganized from 13 to 9 major commands; restructured Numbered Air Forces (NAFs) to an operational and warfighting role; and restructured Headquarters, United States Air Force.

--Between fiscal year 1989 and fiscal year 1999, end strength for both the Air Force Management Headquarters Program and the total force has decreased approximately 33 percent.

--We have imposed a no-overall growth policy--new or increased workloads must be funded within existing end strength ceiling constraints.

Question. What savings are assumed in your fiscal year 1998 budget request for efficiencies?

Army Answer. The Army has identified savings and efficiencies at Army and Major Command Headquarters totaling $72 million in fiscal year 1998. These efficiencies were identified in the fiscal years 1998-2003 Program Objective Memorandum and applied to the fiscal year 1998 President's budget. They include downsizing the Army Personnel Command and Army Reserve Personnel Center by 10 percent as well as downsizing the Army Communications and Electronic Support Office by 10 percent. Other efficiencies include downsizing the Judge Advocate General School and the Army Model Improvement and Study Management Agency. The Chaplaincy Services Support Agency was absorbed into the Chief of

Chaplains Office, which has also contributed to reducing headquarters personnel.

Navy Answer. Personnel reductions for headquarters and administrative personnel in President's Budget reflect:

fiscal year 1997 to fiscal year 1998--3.5%

fiscal year 1998 to fiscal year 1999--3.9%

Marine Corps Answer. There are no savings in our fiscal year 1998 budget request specifically attributable to a reduction of administrative and headquarters personnel. The Marine Corps authorized end strength has been 174,000 active duty and 42,000 Reservists since 1994. These same strengths are anticipated through the Future Years Defense Program. Any adjustments to the headquarters structure is realigned to the Fleet Marine Force.

Air Force Answer. The total Air Force Management Headquarters Program has decreased by 213 positions between fiscal year 1997 and fiscal year 1998. This continues the Air Force drawdown which will result in a 41 percent reduction to management headquarters between fiscal year 1986 the ``high water mark'' for Air Force end strength, and fiscal year 1998.

Question. What savings are assumed in each year of the current Future Years Defense Program for such efficiencies?

Army Answer. We are currently reviewing the results of Headquarters, Department of the Army, Redesign, and anticipating the results of the Quadrennial Defense Review and other efficiencies. After the details of these efficiencies are fully known, we will be able to better estimate the total savings for fiscal year 1999-2003.

Navy Answer. The Department of the Navy reduced headquarters and administrative personnel 29.8 percent from fiscal year 1989 through fiscal year 1999. The Department continues through the FYDP to structure this workforce to meet the requirements of its downsizing force structure. Workforce size will be the minimum necessary to:

Ensure our Sailors and Marines are trained

Forces are able to meet continuing high pace of operational commitments

Marine Corps Answer. There are no savings in our FYDP specifically attributable to a reduction of administrative and headquarters personnel. The Marine Corps authorized end strength has been 174,000 active duty and 42,000 Reservists since 1994. These same strengths are anticipated through the FYDP. Any adjustments to the headquarters structure is realigned to the Fleet Marine Force.

Air Force Answer. Between fiscal year 1997 and fiscal year 2001, the Air Force Management Headquarters Program will be reduced by approximately 481 end strength.

Fiscal Year:	
1998	-213
1999	-403
2000	-456
2001	-481
2002	-481

Privatization

Question. In the current Future Years Defense Program, DoD estimates that $2.5 billion per year may be saved through the privatization of some functions now performed by DoD civilian and military personnel. Further, the Under Secretary of Defense for

Industrial Affairs estimates that as much as $10-$15 billion per year could be saved through outsourcing. Please outline for the Committee your Service's privatization strategy. What functions do you intend to consider for outsourcing?

Army Answer. The Army plans to perform cost competitions in accordance with OMB Circular A-76 of all non-medical commercial activities at all Army installations by fiscal year 2003, except where prohibited by law. (we will not compete those commercial activities--such as firefighter and security guard servaices--that are protected from competition by law.) There are approximately 50,000 positions related to these activities. In the area of privatization, where we turn over government assets to private sector firms or non-federal governments, we have initiatives in the areas of family housing, utilities systems, and public-private ventures related to construction and operation of moral, welfare and recreation facilities.

Navy Answer. We are embracing competition studies, along with other cost reduction measures such as instituting better business practices, community partnering, regionalization, and Smart Base, as means of generating savings for modernization of our aging force structure. We will be reviewing all of our support functions across our entire shore infrastructure to identify outscourcing competition candidates. We plan to initiate competition studies only on those functions that can be outsourced without having an adverse effect on readiness, e.g., we will not outsource functions needed for sea-shore rotation or critical training of military personnel.

Air Force Answer. The Air Force overall goal in privatization is to optimize the use of public and private sector resources. We are currently focusing on three areas: family housing, dormitories, and utility systems. We have 10 active projects in the housing program. The Request for Proposal (RFP) for the lead project at Lackland Air Force Base, Texas was advertised on February 11, 1997. We are also studying the feasibility of dormitory privatization. Our long-term goal for utilities is to turn these functions over to private ownership, when there is no readiness impact and it makes economic sense. The Air Force intends to consider for outsourcing any function that is not military essential or inherently governmental.

Question. What savings are assumed from privatization in the fiscal year 1998 budget request?

Army Answer. The Army did not project savings in the fiscal year 1998 budget request.

Navy Answer. Our fiscal year 1998 budget request does not include any projected savings from outsourcing competitions.

Marine Corps Answer. The Marine Corps is taking a measured approach to outsourcing and privatization. As the Marine Corps outsourcing and privatization effort is going to begin in fiscal year 1998, and A-76 studies take a minimum of one year to complete, no savings are assumed for that fiscal year. The first year savings are projected is fiscal year 2000. Total savings due to outsourcing and privatization are expected to reach $102 million for ``Operation and Maintenance, Marine Corps'' and $8 million for Family Housing in fiscal year 2004.

Air Force Answer. Currently, no fiscal year 1998 savings are assumed from privatization. However, for the Air Force Outsourcing program we have projected savings of $79.5 million for fiscal year 1998.

Question. What savings are assumed in the current Future Years Defense Program (FYDP)?

Army Answer. The Army did not project savings in the FYDP.

Navy Answer. Our FYDP assumes approximately $3B in savings from outsourcing competitions from fiscal year 2000-2003. No savings are reflected in fiscal years 1998 and 1999 to account for the lead time associated with conducting outsourcing competitions.

Marine Corps Answer. The Marine Corps outsourcing and privatization effort is forecast to achieve $216 million in savings from fiscal year 2000 through fiscal year 2003.

Air Force Answer. Currently, no privatization savings are assumed in the current Future Years Defense Program. However, we have projected savings of $1.2 billion in the Air Force Outsourcing program across the FYDP.

Question. What risks do you anticipate are associated with privatization? Are the current savings projections reasonable in your estimation?

Army Answer. We have not taken savings for outsourcing and privatization out of any programs in our budget, nor have we predicted success of any of our programs on the use of these savings. Our primary risk resides in the use of funds to pay for the cost comparison studies--about $10 million per year. The risk is that these up-front costs will not recouped through savings. However, we are confident that these cost comparisons will yield substantially more savings than they cost.

Navy Answer. We believe this to be an ambitious undertaking with some risk; however, we also believe that it is a necessary path that we must go down to ensure that we optimize our support functions and maximize the resources available for modernization. The risk falls into three areas-readiness, program execution, and savings projections. Each of these areas are discussed in the following paragraphs:

1. Readiness. Risks to readiness from privatization are minimal. We have a long history of successfully outsourcing a wide variety of functions spanning the full spectrum of support provided across our shore infrastructure. We have not experienced any significant adverse effects on readiness in any of the functions we have outsourced. On occasion we have had some problems arise, but they have always proven to be short-term and correctable using the procurement tools at our disposal.

2. Program Execution. Program execution presents us with a formidable challenge. The challenge derives not only from the scope and scale of the effort we have envisioned over the FYDP but also from the complexity of the process itself. The process is encumbered by complications deriving from OMB Circular A-76's requirements to conduct formal firm bid/offer cost comparisons as well the difficulties associated with developing large numbers of best value solicitations using the Federal Acquisition Regulations. We have taken several measures to reduce the risks associated with meeting this ambitious goal, including

--establishing a new OPNAV division headed by a Rear Admiral and staffed with approximately 20 personnel to provide policy and monitor our program execution;

--establishing an Outsourcing Support Office headed by a member of the Senior Executive Service and staffed by approximately 40 acquisition and functional experts to provide our field with assistance;

--awarding multiple indefinite delivery/indefinite quantity contracts to provide our field with technical consultants to support their efforts;

--developing new tools and approaches to the A-76 process,

including issuing a new handbook with a streamlined cost comparison timeline; and

--working to develop partnerships with the affected employees and their unions to encourage their active participation in the process. We believe these measures, along with others we will be taking, will reduce the risks associated with meeting our ambitious goal to an acceptable level.

3. Savings Projections. We believe that the savings projections in our FYDP should be achievable without significant risk. These projections derive from a recent series of studies performed by the Center for Naval Analyses, which reviewed our prior experience and identified the existing potential for outsourcing competitions in our inventory of commercial activities. CNA's savings projections were based on our extensive experience conducting over 900 outsourcing competitions in the 1980s. We found that the competitions typically yielded savings regardless of the outcome with either a more efficient in-house organization or a more cost effective contract. Our experience was consistent with the experience of the other Services and government agencies conducting competitions.

Marine Corps Answer. The currently planned outsourcing and privatization effort is not risk free and there is no guarantee that the projected savings will be realized. However, these savings are based on analysis of historical data, so we are optimistic savings will be generated. These savings will be realized through either development of most efficient organizations or through competitive sourcing of base commercial activities.

There will be grievances filed by labor at affected installations which will delay the effort and potentially add to the cost of implementation. There are potential issues which make outsourcing and privatization less lucrative than otherwise might be the case. The A-76 process is expensive, time consuming, and may take longer than forecast. Outsourcing and privatization will require some in-house cultural changes. Commanders will not have the same type of control over processes that are competitively sourced as they have if the function remains in-house. Also, costs for recapitalization and maintenance cannot be deferred if competitively sourced. Commanders will lose some flexibility in managing their budgets. Some in-house costs for contracting and contract supervision will increase. Finally, contractors can fail.

Air Force Answer. The risks we would anticipate are similar to those found in many of our existing Air Force/private partnerships. These are not obstacles to realizing our privatization goals. Currently, the Air Force will not enter a privatization deal unless it is shown to provide economic advantage. We believe the assumption of the $79.5 million projected savings for outsourcing for fiscal year 1998 in our current budget request is reasonable.

Question. What, if any, up front investments are required to begin your privatization strategy.

Army Answer. We estimate that we will pay about $10 million per year to conduct cost comparison studies in accordance with OMB Circular A-76.

Navy Answer. We currently plan on investing approximately $165 million over the FYDP to execute our outsourcing strategy. The bulk of this funding will be used to procure technical support to assist our field activities in developing the performance work statements and management plans and in conducting the cost comparisons that constitute the outsourcing competition process.

Marine Corps Answer. The Marine Corps has programmed $34.2 million in Operation and $2.8 million in Family Housing as up front investments to begin the outsourcing and privatization effort beginning in fiscal year 1998 and extending until fiscal year 2001, displayed by fiscal year as follows:

	Dollars in	
	Fiscal year 1998	Fiscal year 1999
Operation and	5.7	11.4
Family Housing	0.0	0.8

Air Force Answer. In family housing privatization, the Air Force may use Military Construction seed money, land, existing housing units, or other assets as our contribution to Air Force/private sector projects.

Acquisition Reform and Inventory Reductions

Question. An unreleased ``summer study'' prepared for the Defense Science Board estimated that the Department of Defense (DoD) could save as much as $30 billion per year by 2002 by revising the process used to operate the military logistics system. The savings stem, in part, from reduced purchases of supplies such as spare and repair parts needed to operate and maintain DoD equipment. What type of savings do you anticipate that your Service will see from acquisition reform? Manpower Reductions? Inventory Reductions?

Army Answer. The Army anticipates several types of savings, including reduced time to acquire goods and services, increased competition through wider participation of vendors contracting with the Army, increased availability of commercial products, and actual dollar savings through increased efficiencies, reduced cycle times, and lower overhead costs. Since the drawdown begin in 1989, acquisition organizations considering additional efficiencies, but until decisions are made, we do not have any further savings estimates to provide. Within overall acquisition efficiencies, actions included the approval to transfer 186 (153 lieutenant colonels, 33 majors) Army Acquisition Corps (AAC) officers from the AAC back to their basic branches. Officers were to be identified by a combination of volunteers and selection boards. The first selection board was conducted in November 1996, and from that board, 76 lieutenant colonels and 33 majors were identified for transfer (some of these were volunteers). In June 1997, volunteers will again be sought and a transfer board will be convened to identify 77 more lieutenant colonels for transfer back to their basic branches.

The Army has programmed savings of $800.6 million for inventory reduction efficiencies in fiscal years 1998-2003. There are four inventory reduction initiatives (all numbers net of investments):

a. Administrative/Production Lead Time. This initiative enables smaller inventories Army-wide by reducing contracting and manufacturing lead times, saving $278 million over fiscal year 1998-2003.

b. Single Stock Fund. This initiative reduces costs by integrating

retail and wholesale inventory management and financial accounting functions, savings $380 million over fiscal year 1998-2003.

c. Standard Army Retail Supply System-Objective (SARSS-O). This initiative expedites fielding of SARSS-O to take advantage of its lateral redistirubtion capabilities, saving $75.1 million over fiscal year 1998-2003.

d. Velocity Management. This initiative reduces inventories by delivering supplies faster and more accurately, saving $67.5 million over fiscal year 1998-2003.

Navy Answer. Savings from acquisition reform are expected from a variety of sources. Principally, these are research & development, procurement and operations & support. For example, the F/A-18E/F aircraft program has achieved significant cost avoidance in research & development. The DDG-51 Program, through aggressive affordability initiatives, has realized procurement cost savings. As the functional replacement for 41 ships of four classes, the twelve ships of the LPD 17 class are expected to reduce shipboard personnel by 60%. This reduction in personnel is expected to result in a smaller logistics infrastructure for areas such as training and base support. To address acquisition reform savings in our fielded systems, the Dual Use Application Program Commercial Operations and Support Savings Initiative seeks to apply commercial products and technology to these fielded systems to reduce their cost of ownership.

Inventory reductions attributable to acquisition reform, cumulative fiscal year 1997-2003, are as follows: Inventory Control Point Initiatives (including price challenges, long term contracting, and logistics engineering change proposals): $114 million. Contractor Logistics Solutions (including outsourcing management of consumable items and direct vendor delivery): $135 million

Total: $249 million.

Marine Corps Answer. The Marine Corps is committed to incorporate, where appropriate, ``savings'' resulting from a myriad of efforts underneath the umbrella of Acquisition Reform. These ``savings'' are mostly in the form of cost avoidance as a result of using smarter business practices such as modeling and simulation, using Commerical-Off-the-Shelf (COTS) Non-Developmental Items (NDI) technologies, integrating and involving contractor input in the design and development phases, as well as the use of contracting practices such as performance based specifications, multi-year procurement strategies, and cost as an independent variable. It is the Marines Corps' intent that through these practices, resources (to include, manpower, funding and technology) can be realigned within the structure of the Planning, Programming and Budgeting system to field an effective warfighting element within the financial constraints of the budget.

Two examples of types of cost avoidance from specific program initiatives benefiting from acquisition reform follow below:

(1.) The Predator Short Range Anti-Armor Weapon (SRAW) program took advantage of acquisition reform practices such as using proven technologies and NDI components and avoided nearly $12 million of additional, unbudgeted development cost, while also reducing the program's over all technical risk. Specifically, during the Demonstration and Validation phase of development, the Predator program incorporated risk reduction strategies, focusing on producibility, which resulted in reducting the overall number of parts in the tactical round from 1500+ to just under 300.

(2.) The AN/TPS-59 (V)3 Long Range Surveillance Radar program, avoided over $8 million in additional, unbudgeted costs by streamlining

the Milestone III documentation and program activity, and by close contractor participation and cooperation in the acquisition process. This close cooperation with the contractor resolved problems that would have rendered a traditional acquisition approach financially unexecutable.

Air Force Answer. The changes in acquisition reform processes and their related cost reductions have enabled the Air Force to continue to modernize in spite of today's more stringent fiscal environment. The Air Force is using acquisition reform to partially fund a time-phased modernization plan that synchronizes the size and timing of multiple programs to fit in the available budget authority. The Air Force records ``acquisition reform savings'' in two categories. First, reductions from the approved baseline budget within the Future Years Defense Program (FYDP) are considered savings. The current USAF estimate is a savings of $5.6 billion. Secondly, costs which were not budgeted but would have been incurred in the absence of acquisition reform are considered ``cost avoidance''. Cost avoidance is usually outside the FYDP. The current USAF estimate of cost avoidance is $11.8 billion. The current USAF total acquisition reform savings and cost avoidance is $17.4 billion. As these savings occur, the funds are reallocated to meet other USAF corporate priorities. Currently, no estimated savings reductions remain as excess in program lines.

The Air Force acquisition workforce has decreased authorizations and billets approximately 30 percent due to acquisition reform. This includes work force authorizations in the SAF/AQ staff, PEO staff, the portion of Air Force Materiel Command (AFMC) Headquarters supporting acquisitions, Product Centers, Test Centers, Laboratories, System Program Office manpower at the Air Logistics Centers, Contracting and acquisition positions outside of AFMC. All manpower reductions have been programmed into the FYDP.

A $43 million reduction in spares inventory cost was taken in the fiscal year 1998 Supply Management Activity Group (SMAG) Budget due to expected reductions in Administrative and Production Lead times.

Question. What savings are assumed in the fiscal year 1998 budget request from acquisition reform? What savings are assumed for each year over the current Future Years Defense Program (FYDP) for acquisition reform?

Army Answer. Savings within Army acquisition programs and management will total $200 million in fiscal year 1998, $308 million in fiscal year 1999, $394 million in fiscal year 2000, $398 million in fiscal year 2001, $401 million in fiscal year 2002, and $400 million in fiscal year 2003, representing a total savings of approximately $2.1 billion over fiscal years 1998-2003. These efficiencies were studied and recommended by the Army Science Board and have been programmed into our budget against high priority Army programs. The specific efficiencies implemented included streamlining Army Program Executive Office/Program Manager organizations; funding limitations on management control and oversight of individual programs; reducing or eliminating Science and Technology and Test and Evaluation functions; and consolidating contracting procedures.

Navy Answer. Many programs are already experiencing the benefits of acquisition reform efforts. These savings are not specifically identified up front as the budget is put together. However, each program's savings are reflected in the funding costs submitted across the FYDP. For example, savings were realized in the development of the DDG Multiship Year Plan and shared R&D between CVN 77 and CVX will accrue savings.

Many programs are already experiencing the benefits of acquisition reform efforts. These savings are not specifically identified up front as the budget is put together. However, each program's savings are reflected in the funding costs submitted across the FYDP. For example, savings were realized in the development of the DDG Multiship Year Plan and shared R&D between CVN 77 and CVX will accrue savings.

Marine Corps Answer. The Marine Corps is committed to incorporate, where appropriate, ``savings'' resulting from a myriad of efforts underneath the umbrella of Acquisition Reform. These ``savings'' are mostly in the form of cost avoidance as a result of using smarter business practices such as modeling and simulation, using Commercial-Off-the-Shelf (COTS) Non-Developmental Items (NDI) technologies, integrating and involving contractor input in the design and development phases, as well as the use of contracting practices such as performance based specifications, multi-year procurement strategies, and cost as an independent variable.

Specific savings are not assumed. Our mission is to meet our warfighting needs in a fiscal environment that requires us ``to do more with less.'' Emphasizing cost avoidance and adopting effective and efficient processes combine to facilitate achieving successful mission completion.

Air Force Answer. SAF/AQ estimates that $1.1 billion in acquisition reform savings will be realized in fiscal year 1998 ($860 million in savings, $292.8 million in cost avoidance). This is a portion of the estimated $17.4 billion total savings and cost avoidance due to USAF acquisition reform efforts since fiscal year 1995. USAF acquisition reform savings are generally realized in the form of reduced budget request. As savings are identified, they are reallocated to other Air Force priorities. No estimated savings reductions remain as excess in program lines.

The USAF records acquisition reform savings in two categories. First is acquisition reform savings which are defined as reductions from the approved baseline budget within the FYDP. The second category is cost avoidance which is defined as costs which were not budgeted but would have been incurred in the absence of acquisition reform.

Acquisition reform savings within the 47 programs currently tracked are as follows: fiscal year 1998--860; fiscal year 1999--843; fiscal year 2000--1030; fiscal year 2001--1206; fiscal year 2002--1.3; fiscal year 2003--1.3.

Acquisition reform cost avoidance within the 47 programs currently tracked are as follows ($ millions): fiscal year 1998--292; fiscal year 1999--412; fiscal year 2000--204; fiscal year 2001--183; fiscal year 2002--529; fiscal year 2003--420.

This represents a portion of the estimated $17.4 billion total savings and cost avoidance due to USAF acquisition reform efforts since fiscal year 1995.

Question. Do you agree with the assessment of the Under Secretary of Defense for Acquisition and Technology that a significant share of future weapons modernization funding can be derived by reducing the logistics systems?

Army Answer. Yes. The logistics community is actively pursuing efficiency measures to yield savings. Initiatives such as velocity management, where new advances in speed of delivery can reduce inventory levels, and efforts to identify and selectively improve the reliability of key high-operations-cost parts will save dollars. The Army has conducted an thorough review to reduce the cost of doing business. The resulting savings were applied to pressing needs and

shortages in modernization, readiness, force structure, and quality of life programs.

Navy Answer. Yes. We are committed to significantly reducing the cost of Navy logistics so that these savings can be used to help fund modernization requirements. Just a few examples of Navy initiatives to reduce logistics costs include use of readiness-based sparing models for retail allowances to produce maximum readiness for a given investment; use of total asset visibility to identify and reutilize ashore and shipboard assets; regionalization of intermediate and depot level maintenance facilities; and incorporating reliability improvements into ship and aviation reparable components.

Marine Corps Answer. A breakout of the annual $30 billion in savings estimated by the ``summer study'' is unknown. We have insufficient data to adequately assess what savings or costs avoidance may be derived.

Air Force Answer. The savings from reducing the logistics system, although significant, will probably not fund a significant share of future weapons modernization. The Logistics Task Force as part of the Infrastructure Panel, Quadrennial Defense Review, reviewed over 50 potential initiatives. The Panel approved pursuing over 20 of these initiatives. In some cases, the Services were already pursuing specific efforts and had programmed associated savings in their budget submissions. In other cases, the initiatives led to additional savings for some or all of the Services.

Defense-Wide Activities

Question. Between fiscal year 1994 and fiscal year 1998, funding for Defense-wide operation and maintenance has increased by over one billion dollars, while funding for the Services has declined. Recent news reports indicate that the Services are uncomfortable with the funding increases for OSD and the defense agencies and are preparing their own review of these budgets.

How do OSD and the defense agencies contribute to force readiness and are there any areas that you believe deserve special scrutiny?

Army Answer. OSD and the defense agencies are part of the joint team contributing to the nation's national security. In terms of management, command and control, combat support and combat service support, the Department of Defense agencies and activities provide an essential component of overall readiness in support of the combatant commands and combat forces. The new report you mention probably refer to the fact that everything is on the table for the Quadrennial Defense Review, including OSD and the defense agencies.

Navy Answer. OSD contributes to force readiness by providing oversight to the Planning, Programming and Budgeting System (PPBS). PPBS provides the basis for OSD to make informed affordability assessments and resource allocation decisions on acquisition programs. These decisions have a direct impact on Navy readiness.

Defense agencies contribute to force readiness by providing support to operating forces in areas such as communication, intelligence, logistics and mapping. Likewise, these services are vital to Navy's readiness. With regard to special scrutiny, since readiness remains a top priority, Navy believes all areas effecting readiness requires our undivided attention.

Marine Corps Answer. As you are aware, when the services began their downsizing there were several functions they could no longer perform while maintaining a maximum amount of operational forces. These

functions, in many cases, were assumed by Defense Agencies consolidating service requirements. These actions required a plus-up of certain agencies in manpower and a transfer of funding, before held by the services, to specific agencies.

The initial intent of these actions was good and allowed the services to shed certain functions to concentrate more of their energies on force readiness and in addition, reap the benefits of what a consolidated organization could provide. However, the return for this investment is now an issue. The services definitely still benefit from the outstanding output and support of agencies such as Defense Advanced Research Projects Agency (DARPA), Ballistic Missile Defense Organization (BMDO), and Defense Information Systems Agency (DISA). We are using technologies gained through DARPA's efforts, we continuously work with BMDO to coordinate ballistic missile defense issues, and we depend heavily on DISA for worldwide command, control, and communications support.

Because of these concerns and the large amounts of resources consumed by Defense Agencies, these agencies are now part of the QDR and will be a specific topic for the Secretary of Defense's Reform Panel.

Air Force Answer. I am not aware of the news reports to which you refer or any specific effort. It is not within the Department of the Air Force's purview to scrutinize the budgetary requirements expressed by OSD or its defense agencies.

Environmental Programs

Question. The Department of Defense has expressed concern that in environmental clean-up efforts the remedial selection process is skewed toward high cost solutions.

If the appropriate changes were made in the underlying laws to achieve a more sensible standard, how much money could this free up for readiness and modernization?

Army Answer. Current provisions of the National Contingency Plan provide preference for remedies that involve permanent reduction of volume and toxicity of contamination. That preference has contributed to selection of expensive remedies such as incineration, waste removal, and groundwater pump and treatment systems. EPA and state regulators emphasize lowest possible cleanup levels without regard to cost. Demands for such expensive remedies have contributed to delays in cleanup while the parties have debated the scope and schedule for activities. However, in the past two years, the EPA has implemented their Superfund Reforms Initiative and has shown increasing acceptance of cleanup remedies that are much more cost-effective. Remedies such as bio-remediation, natural attenuation, and phytoremediation involve use of natural processes to reduce or degrade contamination to acceptable levels without more expensive treatment or removal. Current Army cost-to-complete projections have already taken these cost and time saving techniques into consideration.

Navy Answer. It is not known how much money, if any, could be freed up for readiness and modernization if changes were made to the cleanup standards.

The Department of the Navy adheres to federal and state standards when determining the necessary cleanups. Because sites in the cleanup program vary greatly in size, complexity and cost and the regulations are different throughout the country, it is impossible to generalize regarding the cost impacts resulting from potential changes in

standards. Today the Department carefully selects the most efficient and cost effective remedy available under existing standards while ensuring the protection of human health and the environment.

It is important to note that the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) allows the Department of Defense significant latitude in determining the pace and timing of the cleanup program. Any effort by Congress to amend CERCLA and allow state and local laws to govern federal cleanups rather than CERCLA could drive the annual environmental restoration funding to much higher levels.

Marine Corps Answer. It is not know how much money could be freed up for readiness and modernization if changes were made to the cleanup standards only that significant resources are applied to this effort. A study would need to be charted to explore an acceptable savings potential.

The Department of the Navy adheres to federal and state standards when determining the necessary cleanups. Because sites in the cleanup program vary greatly in size, complexity and cost and the regulations are different throughout the country, it is impossible to generalize regarding the cost impacts resulting from potential changes in standards. Today the Department carefully selects the most efficient and cost effective remedy available under existing standards while ensuring the protection of human health and the environment.

It is important to note that CERCLA allows the Department of Defense significant latitude in determining the pace and timing of the cleanup program. An effort by Congress to amend CERCLA and allow state and local laws to govern federal cleanups rather than CERCLA could drive the annual environmental restoration funding to even higher levels.

Air Force Answer. State laws and their interpretation by state regulators drive over 70 percent of the Air Force cleanup program. Changes that impact only federal cleanup standards would impact less than 30 percent of our environmental cleanup budget.

For this reason, we suggest any legislative changes be applicable to both federal and state laws. The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) requires that Air Force to comply with all state Applicable or Relevant and Appropriate Requirements (ARAs) which are often more stringent than federal standards. Specifically, we believe these legislative changes should include a consistent, risk-based clean-up procedure which clearly defines the remedial selection process to the public and regulatory agencies. Public perception and regulatory cooperation are key factors in the remedial selection process.

The Air Force currently has the authority to apply sensible cleanup standards that protect human health and the environment. We are teaming with the public and regulatory agencies to approach the remedial selection process in a consistent, professional manner. Stable funding, as established in the FYDP, provides the basis for consistently meeting our commitments and completing the cleanup program.

We believe our continuing commitment to environmental cleanup, through stable funding and public and regulatory partnerships, will maintain public and regulatory confidence. These partnerships, together with confidence in the Air Force commitment, will help achieve more practical standards, less expensive cleanup, and will make funds available for readiness and modernization.

Working Capital Funds

Question. The DoD budget request for fiscal year 1998 eliminates the Defense Business Operations Fund and replaces it with ``Working Capital Funds'' for the Army, Navy, Air Force, and Defense-Wide activities.

Is this structural change accompanied by any changes in financial policy?

Army Answer. There have been no immediate changes in financial policy. The National Defense Authorization Act for fiscal year 1997 required the Department of Defense to submit by September 1997, a plan to improve the Defense Business Operations Fund (DBOF). We are proceeding with a review of the policies of the previous fund and the development of an improvement plan to apply any recommended policy changes to the current funds.

Navy Answer. Initially, the financial policies of the DoD's Working Capital Funds (WCFs) will be carried over from the Defense Business Operations Fund (DBOF).

Question. Will each Service continue to establish rates for working capital fund activities that recover all costs? Will each Service continue to resolve operating gains and losses through adjustments to rates?

Army Answer. These policies are fundamental to both the old and the new financial systems and will be retained. However, the policy review mentioned above has a group that is looking at the detailed implementation of these policies with a goal of refining the exact process involved if improvements are possible. The fundamental policy to recover all costs (except MILCON), including gains and losses, has not changed.

Navy Answer. The DBOF policies of full cost recovery through stabilized rates as well as the recovery/return of operating losses or gains via adjustments to rates will continue under the WCFs.

Question. Will each Service continue to rely on capital budgeting for investments in these activities rather than funding such investments through the procurement accounts?

Army Answer. The Department plans to continue capital budgeting in the new funds. Capital purchases above the threshold established for the capital budget (except MILCON) will continue to be financed as an investment through the Working Capital Funds.

Navy Answer. The WCFs will continue the DBOF policy of budgeting for capital investments. Like the DBOF, the WCFs will not budget for major military construction projects.

Question. Will the accounting procedures within each Service for these activities continue to be consistent for issues such as revenue recognition, the recording of expenses, and the calculation of gains and losses?

Army Answer. Accounting policy and procedures for the Working Capital Funds is planned to continue to be consistent for all components. Revenue recognition, expense recording, and the calculation of gains and losses are currently matters of consistent policy. However, these policies are being reviewed for potential enhancements as part of the improvement plan. Any changes in accounting procedures to reflect these policies will become part of the implementation plan.

Navy Answer. The WCFs will continue to follow consistent accounting procedures. Improvements to operating procedures among the WCFs, however, may be proposed by the Components in order to better match the unique operational requirements of their functional areas. The Defense Working Capital Fund Policy Board, chaired by the Under Secretary of

Defense (Comptroller) is one venue in which the Components can discuss the budgetary and accounting impacts of their proposed improvements to WCF operating procedures.

Question. What is your understanding of the role that the Office of the Secretary of Defense will provide in the oversight of your Working Capital Funds?

Army Answer. OSD will continue to provide the same oversight of the Working Capital Funds as they did for the DBOF. The realignment of the funding structure was accomplished to more accurately reflect the responsibilities of the Services and Defense Agencies to manage these funds. However, the oversight and policy responsibility of OSD has not changed. The USD(C) has the responsibility for oversight of all budget, and accounting policy and practices while the Components have financial management accountability for operations. OSD will also continue to review and monitor budget execution. Nevertheless, with the new structure we do expect more consensus in developing and implementing financial management policies, and a closer link between operational command and control and financial accountability.

Navy Answer: The Working Capital Fund Study Group ws established to evaluate changes to policy/procedures and address Congressional concerns

--Major Issues identified
Accounting and financial practices
Revenue recognition
Cash management policies and procedures
Interservicing policies
Components of stabilized rates
Role of DOD in rate setting

No changes to policy are anticipated prior to report to Congress.

Air Force Answer. We expect that OSD will continue to establish overarching policies, as well as review and approve rate/budget proposals during the budget cycles and to monitor execution on a quarterly basis. The Air Force believes that this is the appropriate level of OSD oversight.

Question. In what ways do you anticipate that this change will improve the management of these activities?

Army Answer. The DBOF had an inaccurate image as a defense-wide management entity operated by OSD. In reality, it was only a financial management structure and all the day-to-day operations were actually managed by the Components. The Working Capital Funds more appropriately reflect this accountability. This clarification of responsibilities should provide better incentives for managers to improve operations and to reduce costs.

Navy Answer. DON Authority to develop its own policies, procedures, and rates is key to improve NWCF financial management.

--Provides flexibility to tailor to unique requirements of our fund activities

--Tool to be more responsive to DON customer needs

--Facilitates DON's ability to improve cost and service effectiveness of NWCF activities

--Eliminates Defense-wide drain on Navy fund resources

Air Force Answer. The change to Working Capital Funds will not change supply or depot management because the Air Force has always been responsible for the day to day management of these activities. The previous structure of DBOF did not remove the Component's operational responsibility, but we agree that the transition to the WCFs highlights the Components' responsibility for managing and operating their working

capital funds and achieving functional and financial goals.

Question. What measures do you plan to implement to improve the management of the financial resources of these activities?

Army Answer. As indicated above, a comprehensive policy review of the Working Capital Funds is ongoing. The Study is expected to result in a concrete improvement plan covering a wide range of policies and practices. While financial policy can provide a framework for improved resource management, it is the operational managers at the activity level who actually manage the resources during budget execution. However, additional visibility of operations will enhance accountability and provide direct incentives to produce improved results.

Navy Answer. The Department of the Navy has focused every manager in NWCF chain-of-command on cost containment, process improvements, and achieving budgeted operating results.

--Fiscal year 1996 operating results significantly improved over prior years

--We ``broke-even'' across entire fund. The Department's fiscal year 1998 budget include NWCF cash recovery plan

--Includes cash surcharges in fiscal year 1997, fiscal year 1998, fiscal year 1999 of $512 million, $500 million and $150 million, respectively

--Should provide sufficient cash to cover day-to-day NWCF operations without advance billing by the end of fiscal year 1999

Air Force Answer. The Air Force Chief of Staff has a performance contract with Air Force Material Command (AFMC) to measure the efficiency and effectiveness of the Working Capital Funds (WCF). AFMC/CC in turn has performance contracts with the Air Logistics Center Commanders. These performance contracts measure both functional and financial metrics, and are reviewed by senior staff (to include the Chief and Secretary) each quarter. Based on our initial reviews, the performance contracts have helped to heighten leadership awareness of the WCF challenges and will lead to better performance and business accountability to the warfighting customers.

The fiscal year 1998 Air Force WCF budget submission also includes a number of initiatives designed to improve both functional and financial performance. In Supply, our Lean Logistics efforts have reduced pipeline times, improved repair processes and reduced peacetime operating inventory with the development of `just in time' deliveries through improved ordering and shipping procedures. Depot Maintenance has instituted the Depot Repair Enhancement Program (DREP), and AFMC/CC directed effort to reengineer the depot maintenance process to focus on repairing only those items demanded by customers. A similar effort will be implemented through contract depot maintenance, which, in combination with acquisition reform initiatives, will speed the contracting process.

Navy Working Capital Funds

Question. In the fiscal year 1997 Appropriations Act, the Congress included section 8120 in an attempt to correct the problem of advance billing in the Navy. This section required that $500 million of funding from the Navy investment accounts be transferred to the ``customers'' accounts. This realignment of funds should improve the financial footing of Navy working capital fund activities.

What measures has the Navy taken in fiscal year 1997 to implement the requirements of this provision?

Navy Answer. The measures taken include:

--Executed $512 million cash surcharge in accordance with Section 8120 of 1997 Appropriations Act

--Shipyards, Aviation Depots, and Ordnance Center affected

--Surcharge has been collected

Question. The Committee understands that the Navy proposed follow up measures to section 8120 in the fiscal year 1998 budget request. Describe these actions as they relate to each of the following working capital fund activities: the Naval Shipyards, Naval Aviation Depots, Naval Ordnance Activities.

Navy Answer. FY 1998 rates for the Navy Working Capital Fund:

--Cover budgeted costs

--Achieve a zero Accumulated Operating Result (AOR) by end of year

--Include a cash surcharge in selected activity groups--$500 million total

--Ordnance Center excluded to stabilize the activity group while under reorganization

--Research and Development activity group excluded Incorporated an additional $150 million cash surcharge in FY 1999 rates.

Customers have been resourced appropriately for these rate increases.

Liquidating outstanding advance billings to extent able to ensure sufficient NWCF cash and not exceed the $1 billion cap.

FY 1997--1999 cash recovery plan expected to:

--Bring NWCF cash corpus to level sufficient to cover day-to-day operations by end of FY 1999

--Eliminate all advance billing balances by end of FY 1999

Three-year approach is best way to generate required cash.

--Relatively quick

--Limits negative impact of rate increases on customer behavior

--Allows periodic re-evaluation of cash needs.

[Clerk's note.--End of questions submitted by Mr. Young.]

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